

THE REVIEW OF REVIEWS

DECEMBER, 1931

The Progress of the World

By ALBERT SHAW

Planning for Unemployment Emergencies

THERE ARE SIGNS of improvement in business conditions, but unemployment must and will remain throughout the approaching winter, the most pressing topic of public concern and private anxiety. The State of New York is expending a fund of \$20,000,000 through a committee appointed by Governor Roosevelt under the chairmanship of Mr. Jesse I. Straus of New York City. Governor Pinchot has appealed to a special session of the Pennsylvania Legislature for a large fund to supplement local agencies and to provide employment rather than to pay sums on the dole plan. The voluntary organization for emergency relief under the national chairmanship of Mr. Walter S. Gifford is not only raising money, but is providing supervision, and supplying administrative system. It seeks to prevent inefficiency and waste that might otherwise result from various agencies, public and private, working without coördination. There is some danger of the misuse of public relief funds by contemptible politicians. Judge Seabury has discovered that certain Tammany district leaders may be as unscrupulous in handling funds provided from the city treasury for giving work to deserving and needy cases as they are corrupt in the course of their ordinary activities as grafters and profiteers. The voluntary systems of relief in cities like New York are carried on by men and women of the highest character and public spirit. We are not intimating that any committees appointed by State governors will fall short of disinterested efficiency. But the mutual helpfulness of neighbors, and the spirit of adjustment and consideration within groups and circles of industry and trade, must in any case bear the largest part of the burden.

Facing the International Conditions

NO PERSON OF INTELLIGENCE can escape the conclusion that economic paralysis is largely a matter of world conditions. Each step that can be taken to establish peace and improve international relationships will actually bring returns in dollars and cents to almost every family in the United States. Armistice Day, November 11, afforded many evidences of an intense demand for enforcement of peace pacts. All peoples call for harmony on a basis of justice and mutual respect. In his Armistice Day address, President Hoover re-

marked that peace is "the result of the delicate balance of that realism born of human experience and of idealism born of the highest of human aspirations for international justice." He declared that the nations can do much to build up confidence by their daily dealing with problems and issues, even without treaties, or documents, or commitments. And he believed that in spite of much that causes fear and pessimism, real progress is being made. "It has been made by frank, sincere and direct personal conferences on mutual problems between heads of States throughout the world." Continuing in this vein, the President said: "Progress has been made by similar action among the financial, industrial, and social institutions of the world. These discussions have developed common action and have increased good will and confidence. These consistent efforts are providing new avenues of relief, and are assuredly turning the tide for a greatly suffering world." The President had in mind the recent visit of Premier Laval and the approaching arrival of the Italian Foreign Minister, Grandi, who reached New York and Washington on November 16.

Mr. Dawes Meets With the League Council

THESE HOPEFUL SENTENCES taken from an address of unusual strength and timeliness—in which full recognition was given to the current evils of militarism and the dislocations of political and economic life—were spoken on a day when the President and Secretary Stimson were giving close and devoted attention to the complicated situation in Manchuria. This Administration stands for peace and good-will, with no bluster but with practical common sense. It chose to work with the League of Nations in trying to prevent the preliminary clashes in Manchuria from developing into a terrific war between Japan and China, with Soviet Russia waiting to take some part indirectly if not openly. Hon. Charles G. Dawes, our experienced Ambassador at London, was named on Armistice Day as the American representative who would sit at Paris with the League Council (consisting of members representing fourteen nations) on Monday, November 16. The Council had previously asked Japan to withdraw troops from Chinese territory in Manchuria before November 16; and it was meeting again in special session to deal further with this Manchurian problem.

Relations
of Japan
and China

WHILE ANNOUNCING the appointment of Mr. Dawes, Secretary Stimson stated that a "very conciliatory" note had just been received from Japan.

The Japanese have legitimate interests in Manchuria that they regard as vital. These have to do with the food and the daily life of the Japanese people, rather than with military or imperial ambitions. Manchuria is a fertile farming country that within a few years has increased in population from five millions to thirty millions. The agricultural population is almost entirely made up of Chinese who have recently migrated to this rich northern province. Chinese governmental conditions have been chaotic, and Japanese interests have suffered accordingly. Japan is intelligent, desires friendship and good commercial relations with China, and is fully aware of the deadliness of the boycott as a Chinese weapon. While Americans are well wishers of the Chinese people, they also have close bonds with the people of Japan. Among all the governments of the world we have no more firm and loyal friend than the government of Japan. The one object of Mr. Hoover and Mr. Stimson is to help Japanese and Chinese to settle their Manchurian troubles without war, and along lines of general advantage. Elsewhere we are presenting a page that summarizes the recent developments in the Manchurian situation.

The Aims of
the Hoover
Administration

IT WAS WELL SAID ON November 11 that we celebrate Armistice Day, but do not celebrate the peace that was signed in 1919. The nations are working their way through painful experiences toward some kind of international authority that shall compel disarmament and revive the principles advanced by President Wilson and accepted on both sides as the basis of the Armistice of November, 1918. The Government of the United States is making every possible effort to secure results in the approaching Disarmament Conference of February. To assert that the Hoover policies meanwhile are "starving the navy," or weakening our ability to defend the United States, is to show "abysmal ignorance," both of the financial and technical facts and also of the broader aims of American policy. We are likely to have a revenue deficit of something like two thousand million dollars by the end of the current fiscal year. There must be reductions in expenditure to help meet a 50 per cent. reduction in income. Mr. Hoover's proposed reduction in the naval estimates (about 3 per cent. of the deficit) leaves the fighting efficiency of the navy unimpaired.

Will the
Conference
Succeed?

AS FOR OUR BUILDING of cruisers and other vessels, we are now spending—and will continue to spend—on new naval construction more than twice as much as any other naval country! But it is the righteous aim of our Government to secure the reduction of all navies to a far lower level, with no sacrifice of our own relative position. At an Armistice Day meeting in New York, Dr. Nicholas Murray Butler made a powerful demand for drastic and sweeping reduction of armament at the coming conference. Mr. Houghton, our former Ambassador at Berlin and London, argued

that if France should be unwilling to join in the desired steps to reduce militarism, the other nations should proceed regardless of France, and place upon that country the responsibility of an isolated position that might prove to have serious economic and other disadvantages. Hon. Alfred E. Smith, while more cautious in his expressions, made a sturdy speech in favor of disarmament. Mr. Frank H. Simonds—who never allows fond hopes and high sentiments to interfere with his pursuit of stern facts to logical conclusions—does not believe that the Disarmament Conference can secure appreciable results, in view of obstacles that seem insurmountable.

Must We
Yield to
Hard Logic?

OUR READERS MAY FIND it difficult to find any basis of agreement in two articles we are publishing, in this number, one by Mr. Simonds and the other by General Charles H. Sherrill. Both men have come from recent contacts with eminent personages in European countries. General Sherrill is hopeful of good results, by reason of the high intelligence and generous purposes of Prime Minister Laval and Foreign Minister Briand, as they try to arrive at understandings with Germany through further negotiations with Chancellor Bruening and his associates. Mr. Simonds thinks the French position is strengthened by the Laval-Hoover understanding that adjustments are to be made within the scheme of the Young Plan. Mr. Simonds gives a picture of deadlock beyond remedy. Mr. Sherrill, like Mr. Hoover, feels that in desperate situations the strong purpose of wise leaders may triumph, as against almost hopeless difficulties. Mr. Simonds declares that Germany will no longer pay reparations, and that the Allies will not pay their debts to the United States. But he also asserts that American opinion will not tolerate cancellation of the debts.

Something
About the
Debt Issue

ENGLAND BORROWED large sums of money from British investors, and about one-seventh as much from American investors. She has been paying the British investors at a high rate of interest, and the American investors at a low rate. It is hard to believe that Great Britain will persist in giving heed to the obvious falsehood that her war debt to Americans has something to do with German reparations, while her war debt to British investors has nothing at all to do with German reparations. It is the reiteration of this insulting and ridiculous fallacy on the part of certain British politicians (of whom Mr. Baldwin is not one) that has given such firmness to the American attitude on the subject of the war debts. The moratorium stands until next July, and there will doubtless be further postponements. But if Great Britain should continue to pay interest at 5 per cent. and 4 per cent. upon thirty-five billion dollars of domestic war debt, it would be absurd to say that she must throw the burden of her external debt upon the taxpayers of the United States. A moderate reduction in the interest rate of her domestic debt, together with a sharp cut in army and navy bills, would make it easy enough to live up to her external obligations. She must, of course, first balance her budget and stabilize her monetary

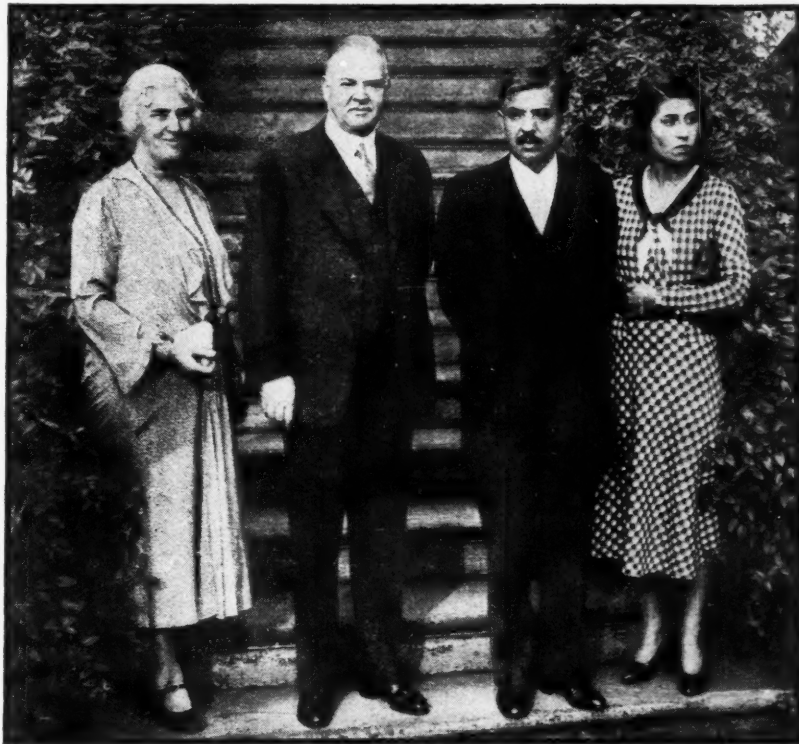
system. The principles involved are far more important than the money. Europe cares more for money, and America cares more for principles. If this had not been the case, we could never have become so messed up with European situations. Dr. Cadman shows our readers that integrity remains an essential quality of the British character.

**Congress Meets
Again on
December 7**

IT HAPPENS THIS YEAR that December begins on Tuesday. Clause 2 of Section 4 of the Constitution declares "that Congress shall assemble at least once in every year, and such meeting shall be on the first Monday in December, unless they shall by law appoint a different day." This arrangement has never been changed, and the new Seventy-second Congress therefore will meet on Monday, December 7. Certainly one would like to welcome our lawmakers with glad acclaim as they enter upon their official activities, after a recess of nine months and three days. Unfortunately, the best opinion of the country has come to look upon the functioning of our Congress with a sense of apprehension, if not of dismay. Legislative bodies in other countries have their vagaries, and queer things happen in some of our state legislatures. But it would be hard anywhere in the civilized world to find a legislative chamber so erratic and so generally incalculable in its performances as the United States Senate. It is inevitable and must be endured; but it is more than mere annoyance—it is nothing short of an affliction.

**Terms Should
Be Lengthened
to Four Years**

THE OTHER HOUSE is a representative body, that carries on business under rules which make for promptness and efficiency. Its principal weakness lies in the fact that its members are elected for two-year terms. This opening session of the Seventy-second Congress will undoubtedly remain in session until June. Dilatory methods in the Senate may indeed prolong the session beyond the dates of the great national presidential conventions. Practically all the members of the House of Representatives will be candidates for reelection in November next. Their votes on every important topic will form a part of the record upon which they will be seeking renomination. Such an arrangement is as unwise as it is embarrassing. The terms of Representatives should be extended to four years, and they should be chosen at the same time as the presidential electors. When the country elects a President its object is to designate a man as head of the nation for four years. Once elected, it is his business to promote the welfare of all the citizens alike, whether they live in Democratic states or in Republi-



FRANCE'S PREMIER, PIERRE LAVAL, CROSSED THE OCEAN FOR AN INTIMATE AND SUCCESSFUL CONFERENCE WITH PRESIDENT HOOVER

At the left of the group is Mrs. Hoover, and on the right is the French statesman's daughter, Jose Laval, who was a popular guest at Washington and elsewhere.

can states. It is always desirable that the Executive and Legislative branches of the government should work in harmony rather than at cross purposes. When the quadrennial election is at all decisive, we may expect that a Republican President will be supported by a Republican House, and *vice versa*. It would seem reasonable to do away with the mid-term election of a new Congress, and to allow the Representatives chosen in the presidential year to hold their seats through the presidential period.

**Should We
Revise the
Constitution?**

ELECTIONS CONSUME a great deal of time, energy, and money; and too frequent elections create uncertainty and interfere with the capacity of government to deal responsibly with the serious and complicated problems of the present day. We are now in the fourth decade of the twentieth century, and we lumber along with political machinery that was devised experimentally by a convention of incomparably able men, sitting in the ninth decade of the eighteenth century—a hundred and forty-four years ago to be precise. Those were foreseeing men, who wrote the Constitution in the Convention of 1787; and they provided for the revision of their work to meet changing conditions. It is to be feared that if they were with us now they might say some rather sarcastic things about our generation. They might ridicule the affectation that venerates too greatly the work of the country's founders to make slight changes, such as are needed to modernize the mere machinery of govern-



HON. JOHN Q. TILSON

Republican floor leader in the last three Congresses, Mr. Tilson seems likely to continue in that office when the Seventy-second Congress assembles on December 7. His title, however, is likely to change from Majority Leader to Minority Leader. Mr. Tilson was born in Tennessee sixty-five years ago, but he has been a resident of New Haven ever since his student days. He was graduated from the law department at Yale University in 1893 and began the practice of law at New Haven in 1897. The next year saw him wearing the uniform of Second Lieutenant of volunteers in the war with Spain. In 1904 Mr. Tilson was elected to the Connecticut General Assembly, where he served four years, part of the time as Speaker. Then came promotion to the House of Representatives at Washington, for the term beginning March 4, 1909; and with the interruption of a single term he has been returned regularly ever since. An interesting episode in the career of this lawmaker was his service on the Mexican border in 1916, as Lieutenant Colonel in the Connecticut National Guard.

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ment. They might also tell us that we show little true respect for the wise principles of the fathers when we adopt foolish amendments, that overload the Constitution, changing the nature of the federal government, and interfering with the liberty of individuals and localities. In view of all the new conditions of intercourse and travel, we may be sure that George Washington and his contemporaries would alter several of our fixed dates, and would, among other changes, strengthen the House of Representatives by lengthening the term of membership. Undoubtedly, also, they would desire, in view of many sad experiences, to relieve the Senate of its separate prerogatives, and to bestow them upon the other chamber. It is the House, rather than the Senate, which should confirm appointments and ratify treaties.

Law-making Bodies in Britain and Canada

NOT MANY AMERICAN students of government would wish to change our system in order to make it more similar to that of Great Britain. But there are lessons to be learned from the experience of other countries, and most of all from those countries that, like ourselves, have inherited their basic political and legal systems from the land of Magna Carta and the Common Law. In Great Britain the House of

Lords has been subordinated in authority to the House of Commons. When a general parliamentary election is held, the members are chosen for a maximum term of seven years. This is subject, however, to dissolution and a new election when a Cabinet fails to keep the confidence and support of a working majority. The recent British election was called on twenty days' notice. That is to say, dissolution of the old Parliament on October 7 was followed by the general election of October 27; and the new Parliament—with its unprecedented majority sustaining Premier MacDonald, Mr. Baldwin, and their National Cabinet—was actually in session and doing business on November 3. By way of contrast, our Seventy-second House of Representatives meets for business thirteen months after its election. The federal government carried on by our Canadian neighbors has an appointive upper chamber, but authority is centered in a popularly chosen lower chamber, members of which are elected for five years.

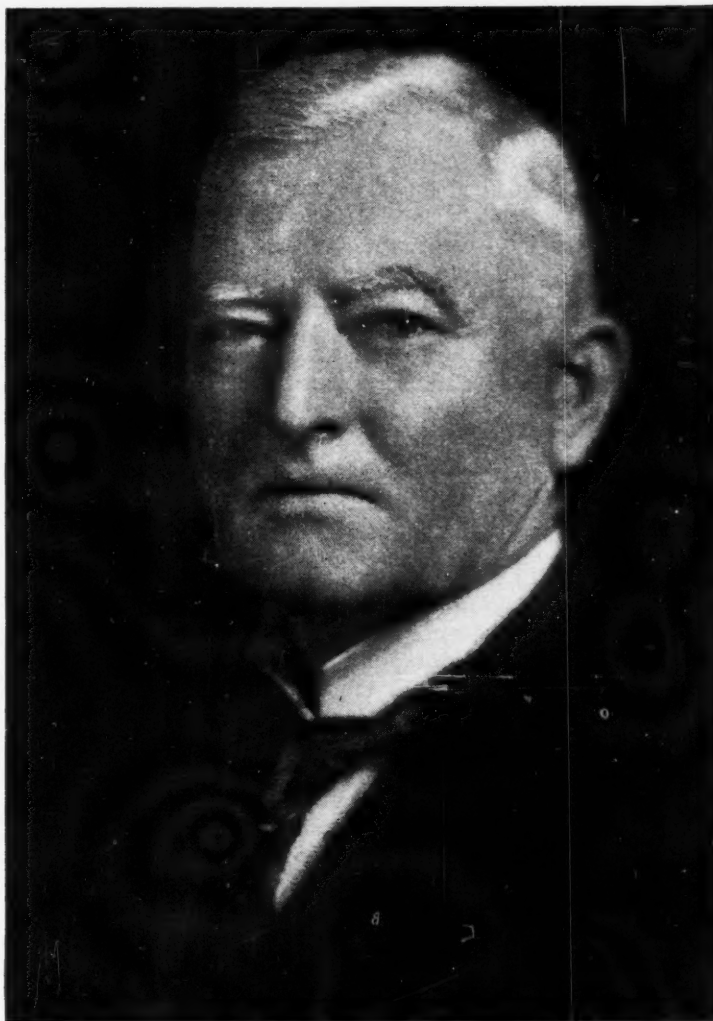
Some Foreign Parliaments

MEMBERS OF THE LOWER house in France, known as the Chamber of Deputies, are chosen for four-year terms. In the federal government of the new German Republic the Chancellor is the chief executive, although the President has great power in

HON. JOHN N. GARNER

When the Seventy-second Congress assembles, on December 7, it is expected that the Democrats will take control of the House—for the first time since Champ Clark laid down the Speaker's gavel on March 3, 1919, the middle of Woodrow Wilson's administration. The Democrats will presumably elect as Speaker the veteran Texas Congressman, John N. Garner. Fifteen times without interruption the voters of his district have chosen Mr. Garner as their Representative. He first took his seat in 1903; and only two members—both Republicans—outrank him in length of service. Mr. Garner was born in Texas sixty-three years ago. He was admitted to the bar in 1890, and began the practice of law at Uvalde, in his native state. Ten years later we find him in the lower branch of the legislature; and four years after that he was elected to Congress, there to remain. He has been ranking minority member of the all-important Ways and Means Committee since May, 1923, and was floor leader of the minority through the Seventy-first Congress. Next to law-making, Mr. Garner's interests lie in his farm at Uvalde.

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times of emergency. Last year President Hindenburg dissolved the Reichstag, which is the popularly elected law-making body, and called for an election on September 14. This new Reichstag actually convened for business at Berlin a month later, on October 15. It might be well to note that all the provincial Parliaments of Canada, with two exceptions (Nova Scotia and Quebec), have wholly dispensed with a Senate or upper house, and get on admirably with a single law-making chamber. One of the most interesting European constitutions is that which the new Republic of Spain has been adopting within recent weeks. Its law-making body has but one chamber, with the president elected for six years.

Sound in
Everything
Fundamental

HOWEVER MUCH ONE MAY criticize the details of our machinery of government, there is no prospect at all of any changes in the near future; and good

men are more important than improved machinery. In its main aspects our Constitution has met all tests triumphantly. We are satisfied to maintain our separate Executive, and to leave the powers of the President unimpaired. No ruler in the world exercises so much real authority as our President, under normal conditions. Mussolini, Stalin, Kemal, and some other pres-

ent or recent dictatorial heads of governments, hold positions that have no long background of continuity. By contrast, the American Presidency from George Washington to Herbert Hoover has held its prerogatives undiminished and unrivaled. The federal judiciary has continued nobly to perform its unique functions; and nothing is seriously amiss in our system except the Senate, which runs like an extra wheel with a flat tire and a bent axle. But it so happens that equality of the states in the Senate is one thing in our Constitution that is not subject to change by amendment. We may scold about it now and then, but we must live with it, and therefore we should make the best of it. Most people forget, however, that the Senate's methods and prerogatives could be dealt with.

Partisanship Too
Intense in the
Senate

THE PRINCIPAL THING, of course, is to elect good men to the Senate, and then keep them there. The smaller and less developed States have taken chairmanships of many committees by virtue of the seniority principle. The more important states are at a disadvantage, because in recent times they have been too much victimized by mere artificialities of party politics, and have changed their Senators too often. The Senate has a large majority of able members, of

well-balanced mentality. As private citizens, in almost everything involving sound judgment, these men would agree among themselves. But in official politics they belong to two rival groups called Republicans and Democrats. It is because of the failure of these sensible men to act together for the good of the country that a small group of Senators—persistently obstructive, narrow-minded and wilful—have played political tricks so cleverly as to hold the balance of power. They would be reduced at once to their proper places of obscurity, but for a harmful rivalry of party names. We should be better off if, while electing the House of Representatives on sharp party lines, we adopted the plan of electing Senators for high personal qualifications, giving them their places for life, like members of the United States Supreme Court, but with special powers transferred to the House. Life Senators (by whatever name called) are found in many countries.

**Some Good
Democrats for
Chairmen**

AS LONG AS THE SENATE exalts party divisions, it is desirable that one party or the other should have a clear working majority, and should not compromise itself by dickerings with the little group of so-called insurgents, who throw their support one way or the other on terms and conditions that are akin to political blackmail. If the Democrats should organize the Senate, some important chairmanships would be changed, but the Hoover Administration would perhaps be quite as well supported. Senator Swanson of Virginia would make an excellent chairman of the Foreign Relations Committee, and Senator Overman as head of the Judiciary Committee would mark a distinct gain. Without any thought of disparaging Senator Norbeck, it would be generally admitted that Senator Glass as chairman of the important committee on Banking and Currency would serve well in the present need of new banking legislation. We shall not, of course, at any time in the near future elect our Senators as non-partisans, or give them life tenure. But it would be reasonable to ask individual Senators, when once in office, to take broad national views, and to rise above the pettiness of partisan politics.

**Mr. Garner
Will Probably
Be Speaker**

THE HOUSE OF REPRESENTATIVES must continue to have a partisan organization and character. The House as elected in 1930, consisting of 435 members, was almost equally divided. But some fourteen vacancies have occurred during the year past, by reason of death, to be filled by appointment or by special elections. Five such places were at stake in the elections of Tuesday, November 3. One of these was in the first Ohio district, where a Republican was elected to fill the vacancy caused by the death of Speaker Longworth. But it seemed wholly probable that the Democrats would have a majority of one or two votes, and would therefore elect Mr. John N. Garner of Texas as Speaker. Mr. Garner has no thought of sidestepping the difficulties and responsibilities that his party would incur in organizing the Seventy-second House of Representatives. He was a warm personal friend of the late Speaker Longworth, and would not like to be

accused of contributing anything for the sake of party advantage to the embarrassment of those movements of good citizenship now on foot for the return of normal prosperity. We should gain something from the example of the people of Great Britain, who have instructed parties to quarrel as little as possible, because the best brains of all groups ought to coöperate in a time of national emergency.

**Let Democrats
Organize
Both Houses!**

CHAIRMANSHIPS of the principal committees would pass to Democrats familiar with the work to be done, by reason of long service as minority members. It would be a good thing for the country if Republicans and Democrats alike should refuse to give chairmanships to fellow-members of either chamber who never work loyally with one party or the other. The House of Representatives in the last Congress was organized and managed on Republican lines. But the Senate was controlled by a coalition of Democrats and insurgents, with the tail usually wagging the dog. If Republican Senators show political sagacity, they will make no bargains for chairmanships with any members of that little group which so bitterly opposes the Administration. They would do far better for their party and the country if they would repudiate false pretenses, and admit the simple truth that there are three parties in the Senate, with the Democrats having a considerable plurality. Straight Democrats ought to assume the responsibility of organizing both branches of the Seventy-second Congress. The Republicans should support this plan, on the firm condition, however, that regular and devout Democrats should take the chairmanships and repudiate coalition tactics. The death of Senator Caraway of Arkansas left a vacancy, filled on November 13 by appointment of Mrs. Caraway. This gave the Democrats 47 seats.

**The President
Keeps in Touch
With Congress**

AS WE REMARKED in these pages last month, President Hoover had found a way to deal with important matters of public policy during the recess of Congress, without exceeding his powers or losing touch with the law-making body. He arranged for the international debts moratorium of one year, after consulting with every member of Congress by personal conference or else by telephone and telegraph. More recently he summoned the leaders of both parties to a White House Conference on the banking situation, and obtained full support for the proposed National Credit Corporation. In less prominent ways he has consulted with many members of Congress of both parties on various questions of public policy. It will be the business of Congress to give prompt legal effect to the understandings that were reached during the vacation. If any exhibition of Democratic or insurgent partisanship should cause delay in the fulfillment of such understandings, the country would not deal leniently with quibblers, hair-splitters, or men who cavil and obstruct. Fortunately, Democrats like Mr. Garner in the House and Mr. Robinson of Arkansas in the Senate are not cheap politicians but are statesmen who will set their minds upon things of more moment than the digging of pitfalls for the Hoover Administration.

**Mr. Hoover
Now and
in Future**

MR. HOOVER HAS BEEN making prodigious efforts to meet economic recessions that are complicated by worldwide conditions. We have never had a President who was not blamed by the short-sighted and the ignorant—or by political demagogues seeking personal and party advantage—for any kind of adversity that had to be met during his official term. Washington, Jefferson, Jackson, Buchanan, Lincoln, Grant, Cleveland, and Roosevelt were criticized and calumniated while in office so bitterly and so unjustly that Hoover in comparison might well consider himself a marked and fortunate exception. But during the remaining weeks of this year and the twelve months of 1932, with the political packs yelping in their quadrennial excitement, it is the condition of the country rather than the fortunes of Mr. Hoover that must be considered. The President, being a man of sound and responsible character, is too much concerned with the business in hand to regard the question of his political future as paramount. He has something more than fifteen months of his first term yet to be served. He will have had more than eighteen years of continuous public work of extraordinary range, during a period of worldwide upheaval and change. If he should find himself an ex-President after March 4, 1933, the world would still demand his services, as the best-informed and most capable public man among all the survivors of the war and post-war periods. He is in the prime of his years, and of his mental and physical strength. He can have no possible worries about his personal future. He is a worker, with concentration upon the endless duties of his office. But besides details, he considers broad policies that require leadership.

**Viewing
the Larger
Policies**

THERE IS NO SIMPLE solution for the troubles that have disturbed business and caused unemployment. The undercurrent of fear and distrust that threatened the solvency of banks in October had its origin in Europe. When England went off the gold standard there were subtle attacks upon the reputation and standing of the American dollar. Several of our mid-west States happened to be the victims of an epidemic of false rumors about money and banks. Extraordinary efforts had to be made to restore confidence. While much could be done by direct measures to improve the credit conditions of the United States, the return of prosperity also called for international measures. The visit of the French Prime Minister, Mr. Laval, brought no sensational announcements, but it proved to be timely and useful. Undoubtedly, President Hoover dwelt upon the necessity of direct negotiations between France and Germany; and Mr. Laval returned with the clear purpose to meet Chancellor Bruening fully half way. Everyone knows that the twelve-months' moratorium was but the beginning of a series of readjustments. Disarmament, for the relief of budgets as well as for the better assurance of peace, is one of the objects most to be desired. The nations are now generally agreeing not to start new naval construction during the coming year. President Hoover and Secretary Stimson have been doing everything possible during the past six months to prepare the

way for the conference on reduction of armaments that is to meet under the auspices of the League of Nations in February. Our Government has been willing to show its confidence in the anti-war sentiment of the world at large by setting the example of a partial postponement of its program of naval construction.

**What About
Our Naval
Standing?**

UNDER CONDITIONS such as now exist, there must be patience, forbearance, and confidence in rightfully authorized leadership, or else we fall into chaos. With current revenues equalling only half of current national expenditures, budgetary economies are necessary. In the long run it is better for ourselves and everybody else that the United States should maintain a navy of the very first rank. But at a given moment, the details of naval expenditure have no conclusive relation to the broad principles that underlie our having any navy at all. President Hoover has proposed some cuts in the naval estimates as originally proposed. His plan still leaves the proposed naval appropriation almost, if not quite, the largest in any year of our peace-time history. The chairmen of the naval committees of Congress, Senator Hale and Representative Britten, believe in actual as well as theoretical parity for the United States. This periodical has always advocated such parity; and Mr. Hoover, as one of the strong figures of the Harding and Coolidge Administrations, helped to bring about the authorized ratios as fixed in treaties.

**The Navy
League
Dictates**

THE NAVY LEAGUE is an organization that has sought to keep public opinion alive to the need of a strong American navy. Such an organization, existing for propaganda, has a tendency to become fanatical, or at least to become the victim of what alienists call "fixed idea." The president of the Navy League has long been a close student of naval affairs; but his assumption that President Hoover's budgetary cuts were due to "abysmal ignorance" disclosed his own failure to understand that the President of the United States occupies the position of the best-informed man in the country. Mr. Gardiner's recent manifesto failed of its purpose, because nothing that he said caught public attention except his rudeness. The President himself was not concerned about mere matters of politeness. It was Mr. Gardiner's array of alleged facts, and his deductions therefrom that Mr. Hoover challenged. No one questioned Mr. Gardiner's right to have opinions and to express them. Mr. Hoover at once announced, after the appearance of the Gardiner attack, that he would appoint a committee to expose and correct the inaccuracies and misstatements of the President of the Navy League.

**The President
Names a
Committee**

IT MAY BE SUPPOSED that the chief reason for the promptness with which President Hoover challenged the document issued by the Navy League lay in the fact that the committees of Congress were already at work on appropriation bills; and too much of a fight over naval policies in the coming session was to be deprecated. Three members of Mr. Hoo-

ver's Committee of five were on the membership rolls of the Navy League. Admiral Rodman, John Hays Hammond, and Eliot Wadsworth are strong supporters of the American navy, and men of independent character and judgment. The other two members of the committee were connected with the Administration, and in close touch with naval affairs. One of them was the Assistant Secretary of the Navy, Mr. Jahncke; the other was the Undersecretary of State, Mr. Castle. The report of such a committee would influence the public mind, and have a tendency to reduce the debate in Congress to reasonable time limits. It would also command respect in Great Britain, Japan and France. It is fair to assume that President Hoover was anxious just now to have the navy bills passed without disagreeable attacks upon British or Japanese naval policy. Such attacks are always so exploited abroad as to arouse needless suspicions and create ill feeling. It must be remembered that there are also Navy Leagues in these other countries; and they are only too eager to secure support for their own aggressive naval programs by quoting tactless speeches made in the American Congress. The President's committee acted with ample official data in hand, and made a unanimous report reviewing the Gardiner statements in detail, pointing out their inaccuracies in a way that was generally accepted as conclusive beyond any reasonable doubt.

Various Elections in November

WHEN OUR READERS have this periodical in hand, three or four weeks will have elapsed since the results were made known of the scattered American elections of November 3. All politicians knew that the anti-Republican swing of the pendulum as shown in November, 1930, would probably carry through the less important contests of 1931. By far the most important election of the present year was that of the lower house of the New York State Legislature. The Republicans hold their eighty seats as against the Democratic seventy. This means further support of the Seabury investigation in New York City. The election of Democratic Governors in Kentucky and New Jersey was expected, although the size of the majorities was proudly claimed by Mr. Shouse (Democratic party executive) as proof of a purpose to visit the calamities of the world upon the Hoover Administration. The loss of a Republican Congressional district in Michigan was likely to give the Democrats control in the House at Washington. But both Houses are too closely divided to encourage any attempt at tariff revision or other changes in major policies.

New York Decides on State Forests

IT WAS HELD in various quarters that local elections in New York State had lent increased prestige to the presidential aspirations of Governor Franklin D. Roosevelt. Several amendments to the State Constitution were voted upon, only one of which secured unusual attention. This was an amendment which authorizes the purchase of lands by the state itself, for reforestation. Everyone admits that reforestation is desirable; and Governor Roosevelt advocated it with the persuasive eagerness that is one of his most capti-

vating qualities. His friend and predecessor, ex-Governor Alfred E. Smith, strongly opposed the amendment, because he did not believe that the state itself should be compelled to buy a million acres (more or less) of semi-abandoned farm lands at the cost of \$20,000,000, thus becoming involved in dubious real-estate transactions, and embarking upon the lumbering business as a permanent department of state administration. Using hillsides of scanty soil for planting trees is to be encouraged. But it does not follow that the buying up of private lands in order to enter upon governmental lumbering should take form in a ten-year constitutional mandate. The advocacy of the project was ardent and sincere, but wholly superficial in its leap at conclusions. The amendment carried because young trees are so lovely and reforestation is so attractive a theme, and because a lot of people would like to sell their old farms to the state at three or four times their present acreage value.

The Governor's Theories About "Power"

GOVERNOR ROOSEVELT is committed much more seriously to the idea of putting the state into the business of electric power and lighting, than he is to the real-estate and lumbering enterprises that are now mandatory in the Constitution. He seemed disappointed with the careful and substantial reports of his original commission, as regards the engineering and commercial aspects of future hydro-electric developments on the stretch known as the "International Rapids" of the St. Lawrence River. A new so-called "Power Authority" was set up, at the head of which the Governor appointed Mr. Frank P. Walsh. This energetic official has created in the public mind the impression that St. Lawrence power is about to be sold to householders and farmers throughout the state. He called for hearings without delay, to fix advantageous rates for consumers. Apparently Governor Roosevelt was led to believe that there was an immediate and explicit issue involved in this business of harnessing the St. Lawrence River. Throughout the entire country it was reported that the Governor had become the champion of the people against an insidious kind of activity on the part of the so-called "power trust." It was everywhere announced that work on the St. Lawrence dam was about to begin, with employment by the state at good wages of many thousands of men. Certain diplomatic preliminaries, it was explained, would cause no delay.

Federal Authority at Stake

IT IS TRUE that the State of New York borders upon the St. Lawrence River. But that immense stream is an international boundary between Canada and the United States; and it is under federal jurisdiction, so far as American rights are concerned. When Chicago and Illinois were taking more water from Lake Michigan for the drainage canal than was deemed advisable by other states and communities, it was finally settled by the Supreme Court that the Great Lakes and their outlets constituted a system that pertained vitally to a number of American states besides Illinois, and also to the Dominion of Canada. If the Canadians do not care to finance their share

of a particular St. Lawrence power development at this time, the whole business must presumably be postponed. In any case, the American share of the enterprise belongs essentially to the United States, and not to New York. According to the theories of Senator Norris and all his numerous supporters, it is the Government of the United States that should develop and regulate such water powers. If the Norrisites are at all consistent, these statesmen will regard the Albany attitude of exclusive authority on the part of the state of New York as both hasty and ill-considered.

Who Will
Come Forward
as Customers?

THE GREAT PITTSBURGH and Cleveland industrial districts would seem, on the face of things, to be quite as much interested in deriving cheap electrical power from the St. Lawrence as any of the prospective New York customers of Mr. Walsh. Long before St. Lawrence power can be developed, the existing power systems will have been so connected that the whole Lake region, of which the St. Lawrence River is the principal outlet, will have discovered an interest hardly less active and practical than that of New York in the possibilities of the "international rapids." At the present time it might be fair to say that all the exigencies are those of politics, rather than of the supply of electrical current to consumers. Many new and long chapters of industrial and political history will have been written before Mr. Walsh can actually sell electrical current in the wholesale and retail markets.

Mr. Stimson
Answers
Mr. Walsh

ON NOVEMBER 5 there was published Secretary Stimson's calm and friendly but altogether businesslike reply to the somewhat excited and quite whimsical demands of Mr. Frank P. Walsh that he should be allowed to join the Department of State in carrying on negotiations with the government of the Dominion of Canada. The impartial onlooker might well have been reminded of a certain picture by a famous English animal painter known as "Dignity and Impudence"—a picture that has given aid to so many British and American cartoonists when they have wished to present some statesman as serenely disregarding of the fuss-making of a minor politician. Certain people in Missouri and the West will be surprised to learn that this Mr. Walsh, who now issues his orders to President Hoover and Secretary Stimson, is none other than their old neighbor Francis Patrick. He commands the New York Public Service Commission to do his bidding. The electrical industry, before it can spend large sums of money to serve its customers, must take heed of one now clothed with "authority" who had once been known in other relations but had somehow been forgotten. It is no small thing when a forgotten man becomes famous again in a time of crisis. Francis Patrick Walsh of Kansas City, Missouri, had his earlier career as a municipal official in his native state, and was in every way a useful and worthy civil servant, so far as we are aware. His entrance upon a new public career, as the unshrinking exponent of the policies that Governor Roosevelt has been persuaded to adopt, is already exhibiting him as a man of zeal, eager for immediate results. Perhaps this may prove

embarrassing to those who have discovered Mr. Walsh as an adopted son of New York, and have put him forward as the creative spirit in the Empire State's new and forward-looking policies. Let no one suppose that we would endorse any disparagement of Mr. Walsh's purposeful energy. But we think it fair to tell our readers that there are as yet no visible beginnings of the development of St. Lawrence hydro-electric power. Such power may be utilized at some time in the future, perhaps as incidental to the improvement of St. Lawrence navigation jointly by the American and Canadian governments.

Finding the
Truth About
Power Service

OUR READERS are invited to study attentively an article on electrical power, and the relations of government to the power industry, that appears in our present number. It has been written and is published after careful study, without bias and without prompting from any direction. It is our opinion that the rules under which public utility companies are supervised and regulated in some of the states are too rigid rather than too indulgent. But this great industry tends toward natural monopoly. Most monopolies, indeed, are more effectively regulated by indirect or potential competition than by political authority. Thus a given factory is perfectly content to operate its own steam plant, if the electrical service of its vicinity does not offer advantages of price and convenience. Any establishment, large or small, may install its own private electrical plant if it so desires. Many thousands of farms and private residences have made use of small electrical systems of their own, until some large company offered them better service at lower prices. The careful student of our present economic activities comes to understand that business corrects its own mistakes through the give-and-take of its relationships with its customers, its stockholders, its employees, and the forces of public opinion.

The Davids
and Modern
Goliaths

BUT SEVERAL DECADES ago we were living in a period when the public became convinced that we must appeal to politics to protect us against ourselves, in the changing forms of our transportation and industrial enterprises. So we set up regulatory groups, composed as a rule of unsuccessful politicians anxious for salaries and always trying to justify their official existence by bringing about those subtle changes which transform passive oversight into meddlesome interference. It is simply amazing that railroads and public utility companies should have become so meek and submissive in their attitude toward all these regulatory boards and commissions. It was greatly to the advantage of the users of electrical light and power that the Niagara-Hudson Company should recently have perfected arrangements for a transmission line connecting its upstate power developments with those of New York City. This meant something real, tangible, and immediate. It was noteworthy that the responsible business men who had this project in hand should have endured, with unruffled temper, the sudden assertion of state authority on the part of Mr. Frank P. Walsh to block the proposed construction.

Mr. Walsh appealed to the Public Service Commission on behalf of his purely imaginary power line to New York City, that is a part of his dream for marketing current to be developed at the St. Lawrence Rapids.

Theories
Yield to
Hard Facts

A POSITION BASED upon arguments so fanciful and so remote could not be maintained. Mr. Carlisle, chairman of the Hudson-Niagara Company was ready to accept certain nominal conditions, which covered Mr. Walsh's retreat from an impossible stand. It will become obvious on a little study that the distance from the proposed St. Lawrence development to various industrial centers of New England is less than to New York City. Pennsylvania and Ohio may, in the end, prove better customers than New York for such power development as can be made—perhaps twenty or thirty years hence—in the St. Lawrence River. The undertaking could best be managed by a single international company, distributing electric current wherever needed and by the most convenient routes. Detroit, for example, would be much nearer the development than New York City, and would be more directly reached by a power line on the Canadian side. It is somewhat curious that the Albany politicians seem never to have thought that St. Lawrence power could be used anywhere except in the state of New York. Its more probable use on a large scale would seem to be in the Detroit and Cleveland districts, though it might also serve Pittsburgh, and even Chicago. Meanwhile, the public should try to grasp the simple fact that the principal motive for the development of great water powers in the long run is the conservation of coal and petroleum. To generate electricity by the use of falling water sometimes costs more, and sometimes costs less than to use coal. Meanwhile, power facilities have far outstripped consumers' demand.

A Conference
on the Coal
Industry

THE FOREGOING REFERENCE to coal as a source of electrical energy may well remind us of the country's vast natural wealth in its coal fields, and of the deplorable conditions existing in the bituminous coal industry. The troubles are due in no small part to political and governmental vetoes upon what would otherwise be a natural movement toward system and order, by the industry itself. At Pittsburgh, beginning on Monday, November 16, there was a Conference (the program of which ran through an entire week), on Bituminous Coal in all its economic and scientific aspects. This conference was under the chairmanship of President Thomas S. Baker of the Carnegie Institute of Technology. It was international in its character, and its plans and discussions reflected great credit upon the Carnegie Institute. One of the topics of the Tuesday session, under the chairmanship of Mr. Samuel Insull, was devoted to the subject of "competition between fuels," and to the economics of water power versus steam power. From Germany came fresh facts on the uses of pulverized coal; while American, English, and German scientists also threw new light upon the conversion of coal into gas. We are barely hinting at the extraordinary range of practical and scientific questions discussed in this conference. While

to the layman the discoveries of coal research appear already far advanced, to the engineer and the scientist they seem to be only at the beginning of great things. Dr. Baker has contributed to our present number an article on the Carnegie Institute of Technology, with especial reference to the facilities that it offers in its night classes to young workers in the steel mills and the various industries of the Pittsburgh region. To visit the Institute, as the writer of these remarks has had the privilege of doing, and to come in contact with the ambitious students, both men and women, is to derive a new impression of the means by which the present generation of Americans is helped to advance to higher levels of intellectual and material life.

Seeking Order
in "Mass
Production"

CAN WE BRING order and reasonable prosperity into our great basic industries, such as those of coal and petroleum, and the use of our soil resources for the production of staple crops? Certainly this can be done if the industries are thrown upon their own resources, and allowed to work out their own salvation. We are publishing a striking article by Dr. Free, that deals with the present and future of the steel industry from the standpoint of achievement through laboratory experiment and scientific research. This industry needs no restraint as now conducted, and should be allowed to adapt its production and its prices to the market demands. The petroleum and coal industries are especially victimized by interferences and regulations. The crisis in the South, due to an immense accumulation of unmarketable cotton, can be met by self-help. The Southern bankers have been told by the Farm Board and by members of its special Advisory Committee on Cotton—including the former chairman of the Farm Board, Mr. Alexander Legge—that they can secure reduced acreage through a sound policy of credit and crop financing. They are taking this good advice, and with the further help of the Farm Board they will finance a carry-over of the present surplus, and bring about a reduced acreage next year.

The Question
of Lands and
Their Uses

AT CHICAGO on November 19 there began a three days' Conference called by Hon. Arthur M. Hyde, Secretary of Agriculture, to consider present-day problems of agricultural land and its more advantageous utilization. The Association of Land Grant Colleges and Universities had joined in calling this conference and preparing its exceptionally timely program. Secretary Hyde believes that there should be a clearer and more distinct agreement upon national, state, and local policies as regards the allocation of our lands to suitable types of cultivation, and to the more rapid adoption of a reforestation policy. This conference, dealing with all the rural aspects of our present and future well-being as a nation, brought to the front certain topics that the President dwelt upon in his public announcement of November 13 regarding the proposed system of mortgage loan banks for home ownership. It also had a direct bearing upon some of the more important subjects that will be discussed at the President's Conference early in December on "Home Building and Home Ownership."

Dino Grandi, Italian Foreign Minister, with his family.



HISTORY in the Making

You will find here everything of importance
that has happened during the month

From October 13 to November 12

The Nation

Uncle Sam in the red . . . Free Philip-
pines? . . . Republican for 32 years.

PRESIDENT HOOVER goes ashore at Fort Monroe, Virginia, from the U. S. S. *Arkansas*, which is carrying him to the Yorktown celebration (October 18). He broadcasts an appeal ushering in the national campaign for private unemployment relief, which is to forestall Congressional moves toward a dole. Government measures against the depression, the President says, are producing results. But unemployment remains. He appeals for Thanksgiving, "that we may say on that day that America has again demonstrated her ideals; that we have each of us contributed our full part; that we, in each of our communities, have given full assurance against hunger and cold among our people."

WITH the government's deficit already more than \$600,000,000, and estimates putting it at \$2,000,000,000 by the end of the fiscal year, next June, President Hoover studies the sales tax (October 22). It would be selective, exempting food, rent, clothing, but taxing automobiles, radios, matches. Senator Bingham hails it as a good thing, making the people interested in what the government spends money for. Senators McNary and Borah, however, favor taxes less visible to the taxpayers. They say, "It would have no chance in Congress" and "That's the camel's nose under the tent"—a trial balloon.

INDEPENDENCE will not be given the Philippines now if the present Administration can help it, a statement from the President makes clear (October 27). After a first-hand report by Secretary of War Hurley, just returned, President Hoover says: "Independence of the Philippines at some time has been directly or indirectly promised by every President and by the Congress. . . . The problem is one of time. . . . The economic independence of the Philippines must be attained before political independence can be successful."

LOCAL ELECTIONS throughout the nation assure a change in the majority in the House of Representatives from Republican to Democratic (November 3). In five Congressional districts the only party change is in the 8th Michigan district. Here Michael J. Hart defeats his Republican opponent in a district that has been Republican 32 years. Hart's victory is ascribed to his being a Wet. In general, political prophets hold that the election reflects a marked reaction against the Hoover Administration. While results are somewhat indecisive, the Democrats emerge in New York state with more credit than their opponents, and A. Harry Moore, Democratic candidate for Governor of New Jersey, is elected by a plurality of 239,381, the greatest in history.

PRESIDENT HOOVER announces (November 6) that the budget to be presented to the coming Congress has been cut about \$350,000,000. The appropriations already made for the current year will be cut about \$280,000,000.

Price Rise

Up go wheat . . . grains . . . silver
. . . stocks . . . But for how long?

AFTER TOUCHING an all-time low October 5, grain prices rise slowly until a two-cent rise on the Chicago market (October 31) attracts nation-wide attention. Other grains rise in sympathy.

A WAVE of celebration reminiscent of the first Armistice Day sweeps the Southwest as prices of wheat and oil continue to rise. In Tulsa, where a barrel of crude oil had sold for the price of a single gallon of gasoline, there are parades with whistles, bands, and bells as the price of oil touches 85 cents a barrel (November 1). Farmers everywhere rejoice that wheat has risen 40% in a month.

AFTER a brief halt, a new rush of buying sends wheat in the Chicago market up to 70 cents (November 4) after its record low of 44 cents October 5. All grains in this rise are estimated to have

added \$432,000,000 to the value of commodities held in this country. The trend on the New York stock market is up.

AGREEMENT is in prospect between the chief silver producers of the world, following recommendations of a committee of experts of the International Chamber of Commerce (November 10). The returning use of silver as money seems essential from the shortage of gold. This has tended to stabilize the market for the first time since it became demoralized last winter, and the idea of an agreement would be to prevent premature unloading of surplus stocks.

DECLINING wheat and cotton prices, and uncertainty in security markets, fail to dampen optimism in the financial district of New York (November 12). Attention is on the continued rise of silver, and on the decline in hoarding seen in Federal Reserve currency statements.

Depression

Gold goes, as from Germany and
Britain . . . Low point past? . . .
Hoarded money out of the stocking

GOLD BARS and \$20 gold pieces to the value of \$48,485,400 are shipped from New York on a single day (October 14). The movement, unpleasantly reminiscent of what happened in Germany and Britain last summer, has taken \$588,224,700 in gold from the country since England went off the gold standard a little more than three weeks ago. It is reported that the Federal Reserve Bank of New York can easily continue selling gold longer than foreigners can pay for it.

DETERMINED to end the hoarding which followed its easy money policy in the depression, the Federal Reserve Bank of New York raises its rediscount rate from 2½% to 3½% (October 15). This follows a similar 1% rise a week ago.

GERARD SWOPE, president of the General Electric Co., presents his national employment insurance plan before a committee of Senators studying the subject of economic planning (October 19). Other business men follow in succeeding

days, some maintaining that business cycles cannot be abolished, many favoring some effort toward stabilization through controlled production.

BELIEF that the depression is nearing its end is expressed at a dinner following the 40th annual meeting of the Iron and Steel Institute (October 23). President James A. Farrell of the United States Steel Corp., says: "The hopes entertained at our last meeting of an early reversal of the persistent deflation of the past three years are once more revived. . . . Favorable indications, while not as pronounced as we would wish, tend to strengthen the conviction that the resources of the nation are being mobilized . . . to shake off the despondency which has hampered enterprise, and the lack of confidence which has curtailed consumer's demands."

A TEN-POINT program to speed business recovery, in the main urging aggressive action, is published by the committee on employment plans of the President's organization for unemployment relief (October 28). It says: "While it may be true that final, complete recovery from the depression must await removal of adverse world conditions . . . we have within our own boundaries the elemental factors for recovery."

THE LOWEST point in the depression has been passed and a slow recovery has begun, according to a survey of 800 replies to questionnaires sent by the National Association of Manufacturers (October 29).

WAGES of the Ford Motor Company are cut from a minimum of \$7 a day to \$6 (October 29). They had been raised this amount December 1, 1929, in response to the President's plea for maintenance of high wages after the market crash. The new wage is thus the same that was paid through the period of greatest prosperity.

Navy

Abysmal ignorance . . . "I shall expect public correction" . . . \$343,000,000

PRESIDENT HOOVER says in a Navy Day statement (October 26): "The first necessity of our government is . . . a navy so efficient and strong that, in conjunction with our army, no enemy may ever invade our country. The commanding officers of our forces inform me that we are maintaining that strength and efficiency. . . . To maintain greater forces is . . . a threat against our neighbors and would be a righteous cause for ill will among them."

OVER the signature of its president, William H. Gardiner, the Navy League charges that if the proposal for an international one-year arms-building holiday is accepted, the United States Navy will be third in rank as regards auxiliary ships, instead of on a par with Britain and greater than Japan (October 28). The usual factual, restrained style of the League (a civilian big-navy organization) is abandoned for a personal attack on President Hoover. He is charged

with "abysmal ignorance" of naval matters by Mr. Gardiner, who says: "It has been necessary to say what has been said above if we are to have a real appreciation of the impelling motives back of President Hoover's efforts, at every turn, to restrict, to reduce, and to starve the United States Navy."

PRESIDENT HOOVER says (October 29): "In order that the country may know the untruth and distortions of fact in Chairman Gardiner's recent pronouncement, I will appoint a committee . . . to whom agencies of the government will demonstrate these untruths and distortions of fact. . . . I shall expect Mr. Gardiner to make public correction of his misstatements and an apology therefore." He appoints this committee of five (November 2) which includes three Navy League members, but is composed of personal friends and members of the Administration.

PRESIDENT HOOVER's investigating committee reports (November 7). It puts the Navy League charges and its own findings of fact in parallel columns. It ignores Mr. Gardiner's opinions about the President, but says of its findings in a letter of transmittal that they clearly show "that Mr. Gardiner's statement contains many inaccuracies, false assertions, and erroneous conclusions, and that his assumption as to the President's attitude is wholly unwarranted."

THE Indianapolis, eleventh of fifteen 10,000-ton cruisers authorized by Congress under the London Treaty, is launched at Camden, New Jersey (November 7).

AS PART of the Administration's economy measures to reduce the government's huge deficit, 1 cruiser, 1 aircraft tender, 6 destroyers, and 9 submarines are placed in reserve commission (November 11). This saves \$3,750,000 in maintenance.

PRESIDENT HOOVER announces that next year's naval budget has been cut \$59,000,000 to about \$343,000,000 (November 12). This is some \$17,000 less than appropriations for the current fiscal year, and is accomplished without cutting personnel, decommissioning ships, or closing navy yards.

Rail Rates

"It does not follow, however . . ."

THE REQUEST of the railroads, made June 17, for a 15% increase in freight rates to meet the emergency of the depression is denied (October 20) by the Interstate Commerce Commission. "Upon the evidence," the commissioners report, "it is our conclusion that a 15% increase in all freight rates and charges would increase revenues, if at all, only temporarily, and that its ultimate effect . . . would be to harm rather than help the railroads. It is similarly our conclusion that such an increase would raise the rates upon many kinds of traffic above a just and reasonable level. . . . It does not follow, however, . . . that no increase in rates should be made at this time." The com-

mission proposes increases on specified commodities (to run until March 1, 1933, and estimated to bring the roads \$100,000,000 a year) provided they agree before December 1 to form a credit pool which shall give the increased revenues first to those roads needing them to meet interest charges on bonds.

ACCEPTANCE of the principles of the I.C.C. decision is voted by the Association of Railway Executives at its regular fall meeting in Atlantic City, New Jersey (October 22). The rail leaders balk, however, at the provision in the credit pool plan that strong roads should charge their shippers more on certain items, and then make a gift of the proceeds to the inefficient roads. Hence a committee is appointed to suggest that these proceeds be loaned instead of given outright.

Crime

Sentenced for evasion . . .

ALPHONSE CAPONE, most notorious of American gang leaders and racketeers, is sentenced to 11 years in prison, \$50,000 fines, and \$100,000 costs (October 25). The pudgy, expensively dressed gangster smiles weakly as he stands before the bar when the unexpectedly severe sentence is given in hard, crisp words by Federal Judge James H. Wilkerson in Chicago. Capone's conviction is not on charges connected with the crimes that have made his name known throughout the world, but for evading income tax payments to the federal government, on the illegal revenue from his criminal activities.

Laval

Nailing down the Versailles Treaty? . . . "We have made progress."

PREMIER Pierre Laval of France arrives in New York on the *Ile de France* and hurries by special train to Washington (October 22). Next day he goes to the White House, where conversations begin in the afternoon, and last seven hours until late in the evening.

WHILE President Hoover and Premier Laval are conferring Senator Borah, chairman of the Senate Committee on Foreign Relations, gives an interview to French correspondents accompanying their Premier (October 23). Long an opponent of war debt revision, he now favors cancellation of the whole war debt and reparation structure. He does not, as recently, say that cancellation must be accompanied by disarmament. He expresses little hope that the Disarmament Conference scheduled for February will do much, admits France's right to be judge of its armament, and opposes a security pact such as France wants before it will cut its armaments. This, he says, would mean "nailing down more substantially and completely the Versailles Treaty," which he believes should be revised as regards reparations, the Polish Corridor, and the division of Hungary. The interview causes a sensation in Washington, being given while

President Hoover and Premier Laval, heads of the two states chiefly concerned, are in conference.

FRANCE'S reaction to Senator Borah's statement is on the whole unfavorable, calling it an irresponsible attempt to remake Europe (October 24). Premier Laval in Washington, however, smilingly passes over the incident and robs it of its dangerous possibilities.

PREMIER Laval, having been an overnight guest at the White House, talks with the President for an hour in the morning (October 24), with Secretary of the Treasury Mellon at luncheon, and goes to Secretary of State Stimson's home for the night.

FRANK DISCUSSION between President Hoover and Premier Laval, extending over three days, ends with the issuance of a joint statement (October 25). It is in general terms: "We have made real progress. We canvassed the economic situation in the world, the trends in international relations bearing upon it; problems of the forthcoming conference for limitation and reduction of armaments; the effect of the depression on payments under governmental debts; the stabilization of international exchanges, and other financial and economic subjects." The full statement is taken to mean that there will be a revision of debts and reparations, on German initiative, under the Young Plan which was temporarily shelved by the Hoover Moratorium. In general France is left with a free hand, but given the responsibility to do something.

GERMAN initiative in undertaking revision of reparations is expected soon. "You may rest assured," says a spokesman for the Chancellor (October 26) "that Dr. Bruening will lose no time entering into diplomatic negotiations with the other powers." Dino Grandi, Italian foreign minister, is in Berlin and is expected to bring information on current German conditions to Washington on his forthcoming visit.

AFTER A DAY of sight-seeing and speech-making in New York, Premier Laval sails at dawn (October 27) on the *Ile de France*. Reaction to his visit in this country is mixed. Many critics who had hoped for more definite results are disappointed, but responsible opinion holds that a definite course for future action has been laid out, and that the open linking of reparations and war debts by the United States government is a good thing.

IN AN Armistice Day address, dedicating a memorial to the war dead of the District of Columbia, the President says (November 11): "The backwash of forces loosened by the Great War has grown until during the past two years the stability of many nations has been shaken. . . . The outstanding problem of statesmanship today in every country and in every part of the world is to re-establish confidence. . . . That progress is being made. It has been made by frank, sincere, and direct personal conferences on mutual problems between heads of states throughout the world."

Great Britain

552 to 58 . . . A Welshman resigns
... Crazy economy.

AN OVERWHELMING triumph for the National government and a bitter defeat for Labor is the outcome of Great Britain's national election (October 27). Conservatives gain by far the great majority of seats, though they do so with the help from both Prime Minister MacDonald's National Laborites, and many Liberals. Final results are (5 seats missing):

National Government		
	New House	Last House
Conservatives	471	263
Liberals (tariff)	33	0
Liberals (free trade)	33	0
Labor	14	13
Independent	1	4
Lloyd George Liberals....	0	58
Total	552	338
Opposition		
Labor	51	267
Lloyd George Liberals....	4	0
Independent	3	5
New Party	0	4
Total	58	276

The finishing touch is put on the National government's victory by the re-election of Prime Minister MacDonald in his bleak and depressed mining district, where friends had told him it would be political suicide to run. Though backed by no party organization, he wins by a majority of nearly 6000.

THE BANK of England pays (October 31) \$100,000,000 of the \$250,000,000 credit extended to it August 1 by the Bank of France and the Federal Reserve Bank of New York. Most of it has come from the sale of gold bars by the Bank of England, which accounts for the weakness of the pound since the election.

LLOYD GEORGE, former leader of one of the great parties in England's erstwhile two-party system, and enormously popular as War Prime Minister, resigns leadership of the Liberal party (November 4). The party is now split into the followers of Sir John Simon, who favor a tariff during the economic crisis, and the followers of Sir Herbert Samuel, who retain the free trade principle. Lloyd George, his daughter Megan, his son, and his son's brother-in-law form an opposition Liberal party of four.

PRIME MINISTER MacDonald announces his new national cabinet (November 5). It is an achievement of skill, being as nearly national as possible in make-up in spite of the overwhelming Tory supremacy in the election. There are 11 Conservatives, 4 National-Laborites, and 5 Liberals.

AS PARLIAMENT opens (November 10) Prime Minister MacDonald calls for a new settlement of debts and reparations: "As long as the will of man has forced upon the world an unnatural economic adjustment, the world will never suc-

ceed, never prosper. You cannot decree by your will that certain blocks of gold—for it comes ultimately down to that when you have high tariff walls preventing imports—that certain blocks of gold should be transferred from one nation to another. That economy is crazy."

Germany

Single-handed victory . . . "The will to maintain order."

THE GERMAN Reichstag meets (October 13). In a forceful speech Chancellor Bruening hints that he will move still further toward a dictatorship rather than swerve from the path of economic salvation he has marked for Germany. He declares that he has searched for a patriotically-minded coalition government, but found the Reichstag deputies and parties hopelessly divided for partisan ends. The government will have to make its own decisions by decree and simply ask the Reichstag to take them or leave them.

AT LEAST six months more of Republican government are guaranteed to Germany (October 16) when the opposition's vote of no confidence in the Bruening government is voted down, 295 to 270. The Chancellor's victory in a largely hostile Reichstag ends a four-day fight he has carried on almost single-handed. When the vote is announced the National-Socialist Hitlerites leave in a body as they did last February, declaring it a waste of time to remain when they can work for their ends with the German people. The Reichstag adjourns until February 23.

AFTER a demonstration by 30,000 Hitlerites in Brunswick, Germany, the National Socialists clash with non-sympathizers (October 18). There is street fighting with cobble stones, window smashing, and guns as the local police force of 600 is hopelessly outnumbered. Scores of hospital cases and one death result. The rioting by the National-Socialists comes shortly after their leader has told them: "If the members of the present government want to maintain law and order, they must yield their place to those who alone have the will and ability to do so!"

THE Federal Reserve Bank of New York announces (November 2) renewal of its part of the short term credit extended to Germany as the crisis came on, June 25.

Grandi

First Berlin . . . Then Washington.

THE ITALIAN Foreign Minister, Dino Grandi, leaves Rome for Berlin (October 23) to carry on the series of direct conversations between the heads of governments which the depression has brought into being. His going reflects the conciliatory international attitude developed by the Fascist régime in the past year.

FOREIGN Minister Grandi arrives in Berlin (October 25) amid little display of public interest. On the same day Premier Mussolini makes a striking speech in Naples, in which he asks for revision of the peace treaties and for disarmament, both of which are demanded by Germany.

WITH MRS. GRANDI and six experts from the Foreign Office, the Italian Foreign Minister sails from Naples on the *Conte Grande* (November 7). His visit to Washington as representative of Premier Mussolini is on the invitation of President Hoover. Reparations and war debts are presumed to be the subject of the forthcoming conversations, with the Italian visitor representing a more sympathetic attitude toward Germany than that possible to Premier Laval of France on his recent visit.

Manchuria

Votes in Geneva . . . Battle in Tsitsihar

THE LEAGUE of Nations Council meets again in Geneva (October 13) to face a grave crisis in the Sino-Japanese clash in Manchuria. There is news of further bombings by Japanese airplanes, and a growing tension is evident.

THE COUNCIL votes 13 to 1 to invite the United States to sit with it in discussing the Manchuria clash (October 15). Japan alone opposes the invitation.

AFTER MORE than a decade of abstention from the political activities of the League of Nations, the United States takes part in a Council meeting (October 16). Prentiss Gilbert, American Consul General in Geneva, is the American representative.

IN TWO secret sessions in which the United States representative takes full part (October 17), the Council decides to invoke the moral force of the Kellogg Pact to avert war in Manchuria. Council members individually will send telegrams to both China and Japan, reminding them that they are pledged to settle all disputes peacefully.

DIRECT conversations in Washington between Secretary Stimson and Ambassador Debuchi of Japan remove the misunderstanding over United States representation on the League Council (October 19). The Tokyo government consents to our presence, though reserving her position on the legal question involved.

SECRETARY Stimson sends identical notes to China and Japan (October 20) reminding them of their obligation to settle the Manchuria dispute peacefully.

JAPAN replies to the thirteen nations, including the United States, who reminded it of its obligations under the Kellogg Pact (October 21): "Japanese troops in Manchuria . . . have been actuated solely by the necessity for the defense and protection of the South Manchurian Railway and the lives and property of Japanese subjects against wanton attacks by Chinese troops and armed

bandits. . . . Nothing is further from the thoughts of the Japanese government than recourse to war for the solution of their differences with China."

BY A VOTE of 13 to 1, Japan again being the exception, the League Council resolves (October 24) to call on Japan to withdraw her troops from Manchuria to the railway zone allotted her in the treaty of Portsmouth which followed the Russo-Japanese war. This is to be done by November 16.

JAPAN issues a note (October 26) explaining her objections to the League resolution demanding her withdrawal by November 16. It still insists on direct negotiations with China before withdrawal of troops, on the basis of the following principles: 1. Mutual repudiation of aggression. 2. Respect for China's territorial integrity. 3. Suppression of China's powerful boycott against Japanese goods. 4. Protection of Japanese citizens throughout Manchuria. 5. Respect for Japanese treaty rights in Manchuria.

THE FURTHER advance of Japanese troops northward toward Tsitsihar increases the tension in Geneva over Manchuria (November 4). Renewed fighting breaks out near Tsitsihar next day. Reports of the clash are confused, with the Japanese killed put at 40 and the Chinese at 200. The Japanese say they were attacked while repairing a railway bridge. Later the clash is laid to a misunderstanding.

FIGHTING around the Nonni river, near Tsitsihar, ends at noon (November 6) after three days of intermittent battle. The Japanese win complete control.

RIOTING breaks out (November 8) in Tientsin, which is in China proper and about 400 miles south of Manchuria, when Chinese mobs attack the Japanese concession. Several are killed. Reports not fully verified indicate that the rioters were demobilized Chinese soldiers hired by the Japanese to make the attack, in order to provide an excuse for aggressive action by Japan. Tension in Tientsin continues several days.

SECRETARY Stimson announces (November 11) that General Dawes, Ambassador to Great Britain, will be the American representative at the special Paris meeting of the League Council. Ambassador Dawes will not sit with the Council, but will be on hand for consultation. This is stipulated in order not to offend Senators who object to American participation in the peace efforts of the League.

Disarmament

Holiday in effect . . .

TWENTY-NINE of the sixty-three nations invited to the February disarmament conference have accepted the year's arms-building truce proposed by the League of Nations (November 1). Most of them make their adhesion conditional upon acceptance by other nations. Further acceptances are expected shortly,

and the arms holiday is considered to be in effect as of November 1.

Spain

Out goes the Church . . . Divorce comes easy, war hard . . . Sins of Alfonso

FIVE SIMPLE WORDS abruptly end the course which religion has pursued unswervingly in Spain since the dark ages, when the National Assembly (Cortes), now meeting to write a Constitution for the new republic, accepts Article III by a vote of 247 to 41 (October 13). The five words are: "No official state religion exists." There is great popular rejoicing on definite news that disestablishment, expected ever since the revolution, has been accepted formally.

AMID AN UPROAR in the Spanish Cortes, with intermittent fist fights, the first president of the Spanish Republic resigns (October 14). Niceto Alcalá Zamora, deeply religious and a restraining hand against excesses in forming the Constitution, is succeeded by Manuel Azana as head of the new state. Azana retains his post as Minister of War. The upset follows passage by the Cortes, 178 to 59, of regulations in connection with the separation of Church and State which appear drastic to Catholic sympathizers.

DIVORCE, never in the past permitted in Spain, is voted by acclamation in the Cortes (October 16). The new article in the new constitution reads: "Matrimony is founded upon an equality of right for both sexes and can be dissolved for just cause or by mutual consent."

FOR THE FIRST time in history a nation voluntarily limits its right to make war. The Spanish Cortes votes (November 3) that war can be declared by the President only if it is in accord with the laws and decisions of the League of Nations, is beyond question defensive, and if the dispute has first been submitted for arbitration by the League. The Cortes also votes, on the same day, that civil courts shall have the sole right to try divorce and annulment cases in Spain, that no priest may become President, and that no person may remain in the Presidency for more than one term of six years.

DON ALFONSO Bourbon Hapsburg Lorraine, last King of Spain and now a resident of France, is guilty of "the crime of lese majesty against the sovereignty of the Spanish people." The Parliamentary Responsibilities Committee so reports to the Cortes (November 12). The former King is charged with heading a military rebellion—the dictatorship of Primo Rivera—designed to give him absolute personal power, and to take from the people their fundamental liberties as provided in the Constitution of 1876 which he had sworn to uphold. Punishment is as follows: "The accused will solemnly be deprived of all honors, dignities, and titles, which he shall not legally use within or without the Republic of Spain." Should he enter Spain he will, if the report is approved, be liable to perpetual imprisonment.

FOREIGN SIDELIGHTS



From the Vancouver, B. C., Sun
LOVE . . . HONOR . . . OBEY?
A Canadian view of the British Elections.



From the London Daily Herald
AN ECHO OF THE BRITISH ELECTIONS
Ramsay MacDonald—"Give us your vote . . . there is no danger.
I have him under complete control."



THE EUROPEAN SHIPWRECK—



From Die Wahre Jakob (Berlin)
A BETTER PLAN???



From Simplicissimus (Munich)
THE EUROPEAN champion, Goldfranc, gets into training for his match with America.



From the Glasgow (Scotland) Record
CAMEOS FROM THE CONFLICT—General Ramsay promoted to Commander-in-Chief of both armies for rescuing civilian under heavy fire or, alternatively, for being rescued by civilian under heavy fire. For bombing enemy trenches Serg. Snowden recommended for promotion to the House of Lords. For attempting rescue of regimental mascot at grave personal risk, Serg. Samuel reprimanded. For communicating with the enemy, Gen. L. George degraded and sentenced to C. B. (Confined to Bedroom).

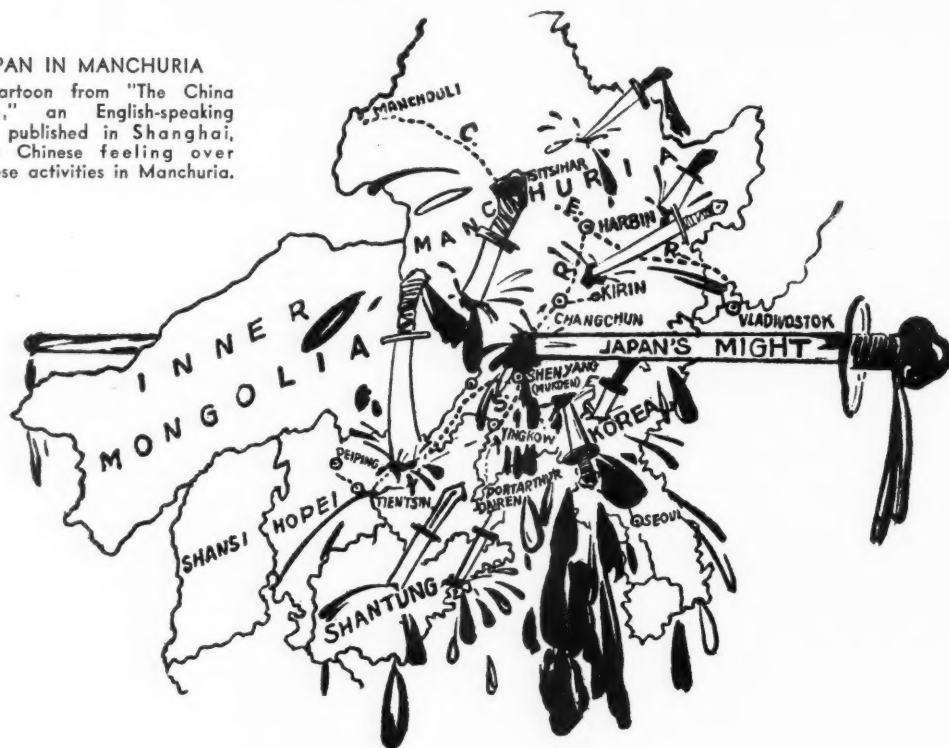


A DUTCH VIEW OF THE CONFLICT IN THE FAR EAST
Japan's two advisors, America and the League of Nations

From *De Notenkraaker* (Amsterdam)

JAPAN IN MANCHURIA

This cartoon from "The China Critic," an English-speaking weekly published in Shanghai, typifies Chinese feeling over Japanese activities in Manchuria.



From the Glasgow (Scotland) *Evening News*
POLICEMAN GENEVA GETS HIS FIRST BIG JOB
The officer (The League of Nations) carries no club.



From *Il 420* (Florence, Italy)
PEACE WATCHES OVER SLEEPING WAR
"He sleeps lightly, and it would be awful to wake him."

The Conference for Better Homes

By ALBERT SHAW

▼ A THOUSAND citizens assemble at Washington to promote home building and home ownership

PRESIDENT HOOVER does not believe in putting the Government into business to supersede, or to compete with, the privately managed and developed industries of the country. Much less does he believe in the Russian system which destroys the private home, which does not tolerate initiative in the individual or the family life, and which obliterates all those landmarks and traditions that make a man's house his castle, where his rights of domicile include priceless liberties that we in America propose to maintain and protect.

There are evident many profound changes in our economic life. Are these changes compatible with our earlier standards, as regards the family unit and the permanent home? Can we retain these primary forms, that are associated in a thousand ways with our personal lives and our social institutions?

Such questions are not to be answered, directly, by lawmakers or governmental agencies. But lawmakers must consider how schemes of taxation may affect home ownership. They must re-study the bearing of various laws upon the ability of plain people to live in their own houses. They must find out whether home-owners are penalized by taxation based upon obsolete principles. They can standardize building loan arrangements.

President Hoover has a genius for bringing people together in systematic study of the fundamental aspects of our twentieth century life, in order to place the best results of progress at the service of the country. This method was illustrated in his useful Conference on Child Health and Welfare last year. There is now to be held at Washington a conference for which a year and a half has been spent in preparation, having to do with every significant aspect of our housing problems. In his public announcement last September, President Hoover stated: "About four hundred persons have assisted in the preparatory work, and one thousand representative citizens from the forty-eight states associated with building and housing activities are expected to participate in the conference. The conference has been organized under the chairmanship of Secretary Lamont of the Department of Commerce. Dr. John M. Gries is the executive secretary."

What is known as the "President's Conference on Home Building and Home Ownership" will meet at Washington on Wednesday, December 2, and its sessions will continue four days. Associated with Dr. Gries, who is a distinguished Ohio educator and a citizen of wide experience, is Dr. James Ford of Harvard University, an authoritative student of the social sciences and also a practical expert in the fields that are to be explored by the conference.

On a following page will be found a list of the thirty-one special committees, and the names of their chairmen. These committees have been at work in many

cases for more than a year, preparing reports to be presented at the conference. The chairmen, whose names are given, would in every instance be anxious to explain that the men and women belonging to their respective

groups are quite as competent as are the committee heads. Most of these committees are further organized with sub-committees, and their reports will be found to deal with their particular subjects in a thorough-going way, and with much new information.

Many societies of recognized standing were represented on the planning committee that determined the scope and character of the conference in the autumn of 1930. Merely to give a list of the more important of these bodies must help readers at home and abroad to comprehend the exhaustive bearings of the proposed investigation and report. The following are twenty organizations that took part in giving original shape to the undertaking:

- American Civic Association
- American Farm Bureau Federation
- American Federation of Labor
- American Home Economics Association
- American Institute of Architects
- Associated General Contractors
- Association of Life Insurance Presidents
- Better Homes in America
- Chamber of Commerce of the United States
- General Federation of Women's Clubs
- National Association of Builders' Exchanges
- National Association of Real Estate Boards
- National Congress of Parents and Teachers
- National Farmers' Union
- National Grange
- National Housing Association
- Russell Sage Foundation
- Savings Division of the American Bankers' Association
- United States League of Building and Loan Associations
- Women's National Farm and Garden Association

The President believes that 1932 should be a year of hopeful and positive effort, rather than a year of painful and anxious waiting for better times to come of themselves—as, in the course of human events, cycles of prosperity and depression are supposed to end in an upward climb from the bottom of the trough. Following the quick success of the National Credit Corporation, Mr. Hoover is proposing the establishment of a system of "Home Mortgage Loan Discount Banks" (1) to promote home ownership; (2) to relieve existing financial strain in the provision of small mortgage loans upon urban and farm properties used for homes, and (3) to support various institutions in aiding the revival of home construction and relieving unemployment.

The President believes home building would be encouraged by making available an improved system of long-term loans to be paid in instalments. He realizes the fact that there has been too much building in some centers of population and industry, but this apparent condition is due to the overcrowding of occupied homes by reason of unemployment and reduced incomes.

Normally, about two hundred thousand individual homes, the President finds, are erected every year. But this standard number has shrunk to less than half. If we could come back to the average of one and a half billion dollars spent annually for new homes, we would have gone far to meet the present conditions of unemployment. Mr. Hoover has worked out, after much thought and consultation, a scheme for these Mortgage Discount Banks, to be located conveniently in all parts of the country; and the plan will undoubtedly be presented to Congress early in the session.

Of the thirty-one committees in which the Housing Conference has been organized, twenty-five are dealing with practical problems involving technical and professional knowledge, business experience, or informational research. The remaining six committees are expected to correlate the reports and the work of the conference, and help in extending its findings and results to the public at large, and—where desirable—to Congress

and State Legislatures. There will be useful publications made available in various ways.

It is safe to say in advance that the conference will take firm positions as regards underlying principles, and also in respect to economic, scientific, and technical progress. The ideal must be that of comfortable and decent housing for the American people as a whole. This object must be promoted by improved plans for protecting home owners in their financial arrangements. It will be shown that on farms and in country places, as well as in cities, homes may be provided with modern sanitary facilities, with electrical services, with convenient kitchens, and with suitable and attractive surroundings.

Our industrial life is taking forms that are entirely consistent with home ownership and permanent residence. During a long period there was constant movement of population in the pioneering spirit, usually in a westerly direction. More recently there has been a

The President's Conference on Home Building and Home Ownership Thirty-one Committees and Their Chairmen

Types of Dwellings

John Ihlder, Exec. Director
Pittsburgh Housing Association
Pittsburgh, Pa.

Fundamental Equipment

Collins P. Bliss, Dean
College of Engineering
New York University
New York City

Kitchens and Other Work Centers

Miss Abby L. Marlatt
Professor of Home Economics
University of Wisconsin
Madison, Wis.

Utilities for Houses

Morris Knowles
Morris Knowles, Inc.
Pittsburgh, Pa.

Subdivision Layout

Harland Bartholomew, President
Nat'l Conference on City Planning
St. Louis, Mo.

Business and Housing

Harry A. Wheeler, Ex-President
Chamber of Commerce of the U. S.
Chicago

Industrial Decentralization and Housing

Stuart W. Cramer, President
Cramerton Mills
Cramerton, N. C.

Blighted Areas and Slums

Abram Garfield, Architect
Cleveland, Ohio

Reconditioning, Remodeling and Modernizing

Frederick M. Feiker, Director
Bureau of Foreign and Domestic
Commerce
Washington, D. C.

Standards and Objectives

Lawrence Veiller, Director
National Housing Association
New York City

Research

James Ford, Associate Professor,
Social Ethics, Harvard University
Dir., Better Homes in America
Washington, D. C.

Construction

A. P. Greensfelder, President
Associated General Contractors of
America
St. Louis, Mo.

Design

William Stanley Parker, President
Architects' Small House Service
Bureau
Boston, Mass.

City Planning and Zoning

Frederic A. Delano, President
American Civic Association
Washington, D. C.

Finance

Frederick H. Ecker, President
Metropolitan Life Insurance Co.
New York City

Taxation

Dr. T. S. Adams
Professor of Political Economy
Yale University
New Haven, Conn.

Home Ownership and Leasing

Ernest T. Trigg, President
John Lucas Paint Company
Philadelphia, Pa.

Home Furnishing and Decoration

Miss Ruth Lyle Sparks, President
Interior Decorators' Club of N. Y.
New York City

Landscape Planning and Planting

Mrs. Junius S. Morgan
Princeton, N. J.

Household Management

Miss Effie Raitt
Professor of Home Economics
University of Washington
Seattle, Wash.

Housing and the Community

Dr. Joseph Hersey Pratt,
Past President
American Climatological and Clin-
ical Association
Boston, Mass.

Farm and Village Housing

A. R. Mann, Provost
Cornell University
Ithaca, N. Y.

Negro Housing

Miss Nannie H. Burroughs
National Training School for
Women and Girls
Washington, D. C.

Home Information Centers

Miss Pearl Chase, Chairman
Plans and Planting Branch
Community Arts Association
Santa Barbara, Calif.

Homemaking

Miss Martha Van Rensselaer,
Director, N. Y. State College of
Home Economics
Cornell University
Ithaca, N. Y.

Large Scale Operations

Alfred K. Stern
Julius Rosenwald Fund
Chicago

Relationship of Income and the Home

Niles Carpenter, Professor
Department of Sociology
University of Buffalo
Buffalo, N. Y.

CORRELATION GROUP

Legislation and Administration

Bernard J. Newman, Man. Dir.
Philadelphia Housing Association
Philadelphia, Pa.

Education and Service

Dr. Albert Shaw, Editor
The Review of Reviews
New York City

Organization Programs, Local and National

Miss Harlean James, Exec. Sec.
American Civic Association
Washington, D. C.

Technological Developments

Dr. George K. Burgess, Director
National Bureau of Standards
Washington, D. C.



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WHERE THE CONFERENCE FOR BETTER HOMES WILL HAVE ITS HEADQUARTERS

This is the new building of the Department of Commerce, at Washington, said to be the largest office building in the country.

vast shifting from farms and country places to cities and industrial centers. But this last movement has been too rapid, and a readjustment is already taking place. The conditions of life on farms and in rural villages are improving so greatly through good roads, the use of automobiles, the telephone, electrical services, the radio, coöperative marketing, modern schools, and scientific progress in general, that the rush to abandon farms is definitely at an end.

As for life in urban communities, the outer zones are widening, and millions of workers may own homes with gardens if such arrangements appeal to their instincts and tastes. A better kind of training in schools would develop early in life a fondness for nature and practical home activities. Workers in the building trades ought to relax their rules, and help neighbors in other kinds of occupation to keep their homes in good repair. With shorter hours in most kinds of work, and with Saturday holidays increasingly prevalent, every boy and girl and every man and woman should be proficient enough in practical arts to use hammers, paint brushes, trowels, and many another mechanical tool and utensil, besides those that pertain to kitchens and gardens.

Underlying the work of this conference, to which hundreds of able people have been contributing much time and effort at their own expense, is an ardent sense of fellow-citizenship, of human brotherhood, and of desire for justice and for prosperity on equal terms throughout the length and breadth of the United States. A hundred years ago the French economist, Alexis de Tocqueville, wrote chapters in ardent praise of the life of American families, especially in the villages and the farm homes of New England. Times have greatly changed, but the American love of home is deeply implanted, and should be revived and maintained.

Throughout the country there survive, in several types, some millions of homes that are not merely antiquated, but that are no longer fit for decent and self-respecting families. By school districts, by townships, by villages, by counties, and by states, this approaching Conference has undertaken to make a preliminary survey of such facts and conditions as relate to housing.

This can not be done by the building of governmental barracks as in Russia. Neither should it be undertaken by such re-housing schemes at municipal and national expense as the public authorities have adopted in Great Britain. The American plan is to train and develop the individual in the capacity and ambition to own his own decent home. He can be helped by good tax laws, by well financed building and loan associations, and by the many other voluntary devices that will be recommended and placed at his disposal, as a result of the President's Conference.

We are developing a new technique for which Mr. Hoover in his long years as Secretary of Commerce deserves more credit than anyone else. American industry, trade and commerce were encouraged and assisted by informational aid of all kinds, but private initiative and freedom of action were not hampered. An immense range of activity in detail will have been stimulated by the Conference on Home Building and Home Ownership. Everyone of the twenty-five special committees, including architects, builders, farm experts, real estate men, planning authorities, social workers and economists and civic leaders, will have produced material of the highest value for private and public service. The Department of Commerce and the Department of the Interior will be able for a long time to come to give information and advice.

Secretary Lamont's entire department will be transferred to the new building of the Department of Commerce a month hence, at the beginning of the new year. But, meanwhile, this conference on housing will have its headquarters in the new building; and many of its special committees will hold their sessions in rooms assigned them in this greatest of all American structures for the housing of a governmental agency. In the war-time, the government itself built a number of model villages for munition workers, but there is little desire to repeat such experiments. The American people can and will build or buy their own homes, while the government can and will help to remove obstacles, to enlist the service of educators, and to secure for the homeowner the benefits of a favorable and safe credit system.

Steel Takes Research

ONE DAY about forty-two hundred years ago a man named Elmeti, agent of a Babylonian trading firm in an obscure silver mining camp in the mountains of what is now Cappadocia, wrote a letter to the head office of his company in Babylon. Being a prudent business man he kept a "carbon copy," inscribed, like the original, on a small tablet of baked clay. That tablet, stored away by Elmeti in the wide clay jar that was his filing cabinet, is now a chief treasure of Yale University; for it contains, in the opinion of the veteran Assyriologist Professor A. H. Sayce, the first mention in human history of the metal iron.

The iron that Elmeti bought and forwarded to his employers was evidently the substance of a meteorite, for he calls it "metal of heaven." Yet even then it cannot have been a unique rarity, for the letter mentions it quite casually, with instructions of how it was to be paid for and a longer account of a shipment of breeches about which the provincial factor obviously was more concerned.

A full millennium earlier the rich and powerful kings of Ur, whose cemetery recently was excavated by Dr. C. Leonard Woolley, possessed iron daggers, probably also forged from meteoric iron. Before Homer and the Trojan Wars, Professor Flinders Petrie has proved, iron was being made from its ores in Syria and was cheap enough for farmers' tools. Contrary to the conventional idea, iron boasts nearly as long a history as copper, perhaps quite as long, but it took more than fifty centuries for the real Iron Age to begin.

As recently as the days of George Washington iron still was made in small pots a few pounds at a time, much as Syrian blacksmiths made it in the time of Solomon. The total iron production of the world when America declared her independence may have been a thousand tons a week. Nowadays a single furnace in Pittsburgh or Chicago makes more than that much in a day. The United States Steel Corporation, largest single factor in the iron and steel industry, has a capacity of nearly twenty-eight million tons of steel ingots a year.

Iron working is perhaps the oldest of technical professions, as witness the still surviving multitudes of Smiths. But it is only since the rise of scientific research that iron and steel have begun to show their full utility to mankind. The steel industry sometimes is

accused by scientific men of backwardness in using research and in supporting it. The charge is not altogether groundless, for it is true that until the present century most of the advances in steel making resulted from accident or experience, fruit of the ancient method of cut and try instead of the modern scientific one of systematic inquiry. Yet the philosophy of research is justified even by this history, for the past three decades of ever increasing partnership between research and the steel business have been also the decades of incomparably fastest industrial progress.

Nowadays the United States Steel Corporation, to mention but one company out of many, not only maintains control laboratories at its furnaces and mills but has built and equipped one of the country's most modern research laboratories at Kearny, New Jersey, staffed by some of the ablest scientific men in America. Conventional chemical analyses are but a small part of this laboratory's work. Newer tools of science are employed in profusion. Special microscopes are used to make visible the tiny metal crystals upon which depend so many important properties of a steel rail or of the beams of a skyscraper. Delicate heat-measuring apparatus controls the temperature of test specimens to a fraction of a degree, a remarkable and extremely useful refinement of the skill of the blacksmith's eye as he used to judge the heat of his metal when tempering a blade. Perhaps most revolutionary of all is the modern tool of highly-penetrating X rays, used to peer through metals for hidden flaws or even to disclose the arrangement of individual atoms in the crystals of the metal.

One example of how such scientific researches are spreading out into the steel mills is the increasing relief of mill labor. President Farrell of the United States Steel Corporation said recently "it is not the custom now to get economies out of labor and wages but rather to get them out of machinery and electrical effort, coupled with the study of manufacturing and commercial problems." How well this policy has succeeded two things prove: finished steel costs less and less to the consumer, and steel-mill labor grows lighter and easier.

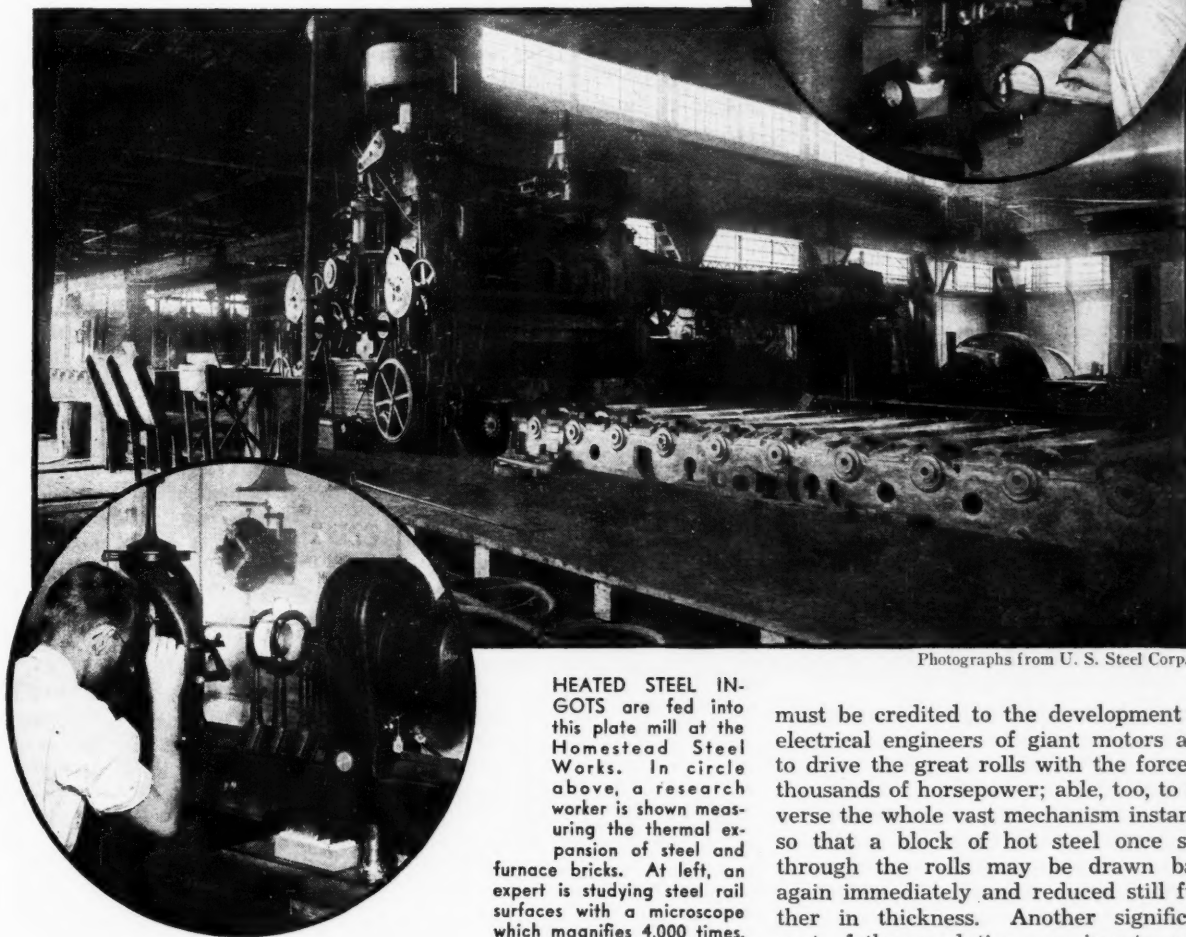
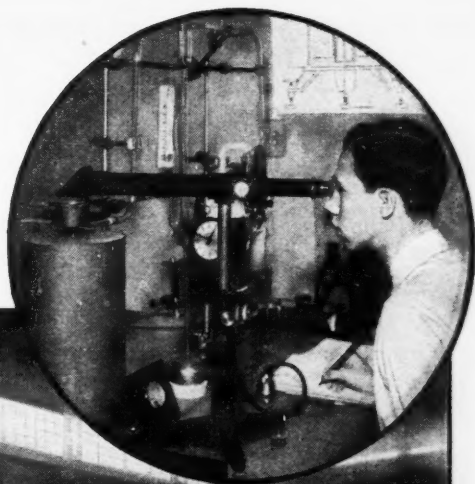
Equally important from the consumer's viewpoint is improvement of quality. Even when it has proved impossible to lower prices on individual articles made of steel, President Farrell also has said, the customer really gets more for his dollar because research and careful scientific testing so largely have eliminated faulty and off-grade ingots or rails or other products and furnished material better suited to its purpose.

Most experienced diners-out probably have heard Mr. Charles M. Schwab's story of the brawny, dust-streaked mill worker standing in the red glare of the furnaces at the end of his shift, just as Mr. Schwab was leaving the plant. The ironmaster, halted by the striking picture, paused to compliment the worker. "Joe," he said, "you look just like an old Rembrandt standing here." But Joe's artistic education was unequal to the occasion. "Well, Charlie," he retorted somewhat ruffled, "you don't look so darn good yourself."

▼ **BLACKSMITHS** of Ur worked in a fiery glare, smelting iron, five thousand years ago. Little advance over their methods was made until the Industrial Revolution. Now, thanks to 20th century science, a cheap pocket knife contains finer steel than the truest blade of old Damascus.

Into Partnership

By E. E. FREE



Photographs from U. S. Steel Corp.

HEATED STEEL INGOTS are fed into this plate mill at the Homestead Steel Works. In circle above, a research worker is shown measuring the thermal expansion of steel and furnace bricks. At left, an expert is studying steel rail surfaces with a microscope which magnifies 4,000 times.

That is the old-fashioned idea of the steel mill worker; twice as strong as an ordinary man, but worn daily to exhaustion by the heat and labor of his task. Probably it never had much truth in it. Today it is downright ridiculous.

A modern steel mill could be run for the most part by kid-gloved women dressed for a garden party. The tons of ore or of crude metal that must be charged into the furnaces are handled by mechanical hoists and conveyors controlled from a distance by electric levers no larger than a piano key. Heavy pigs of metal waiting their turns to be used are lifted by remotely controlled electromagnets as easily as a child's toy magnet picks up tacks. Giant rolls press down with weights of hundreds of tons, to shape the reluctant steel into beams for skyscrapers or rails for transportation lines. They too respond to touches of a finger's weight on an electric switch, touches of control men shut in glass-fronted rooms away from the dust and heat.

A part of this mechanical revolution in steel-making

must be credited to the development by electrical engineers of giant motors able to drive the great rolls with the force of thousands of horsepower; able, too, to reverse the whole vast mechanism instantly so that a block of hot steel once sent through the rolls may be drawn back again immediately and reduced still further in thickness. Another significant part of the revolution promises to come from one of the newest and most spec-

tacular products of the scientific laboratories, the photo-electric cell or "electric eye."

Beginning with a chance observation of Professor Heinrich Hertz, discoverer of radio waves, that an electric arc burns brighter when light falls on its terminals, the science of photo-electricity has led to television, to the talking motion picture, to the modern devices that turn electric signs or street lights on and off automatically, count automobile traffic in tunnels or patrons in motion picture theaters, provide invisible burglar alarms and supervise automatically the manufacture of electric lamp globes.

The photo-electric cell is a device for turning a light signal into an electric one. If a light impulse enters the small, sealed glass globe which is the cell, a tiny pulse of electricity leaves it. That pulse may be amplified by apparatus like a modern radio receiver and made to do anything that one likes, even to stop or start the giant, thousand-horsepower rolls of a steel mill.

Suppose, for example, that an ingot of steel, red hot

from the furnace, is to be rolled down into a slender beam for a bridge or the frame of a building. The ingot must be sent through the rolls again and again, being squeezed a little longer and thinner with each application of the enormous force. Once mill workers had to stand on either side of such rolls, alert to catch the ingot as it came through and to start it back again as the rolls reversed. Heat and exhausting effort were inseparable from such jobs.

The tiny, tireless photo-electric cells may well replace these human draft horses. As an ingot slides out on one side of the rolls it can be made to cross a tiny light beam and cast a shadow on the electric eye. This shadow alters the electric signal coming from the cell. The rolls are reversed, the ingot is pushed back for another roll in the reverse direction. Nothing needs human labor or even human supervision unless some part of the apparatus goes wrong.

By no means all the automatic devices of a modern steel mill depend on these photo-electric "eyes." What might be called electric fingers are used, too, to respond to contact with the moving metal or to test its temperature so that this will be just right for the operation to which it next will be subjected. The basic fact is that tiny electric, mechanical or pneumatic signals may be made to work valves which control enormously larger forces. The rest is merely what the technical man calls good engineering; that is, good common sense.

Thus has research, along with mechanical and electrical development, eliminated from modern steel making much of the human effort and nearly all the hated jobs. The time may come, one almost imagines, when bored individuals will pay for chances to work in a steel mill, so much cooler and pleasanter and more interesting than golf will be this mild exercise of forging bones for skyscrapers.

FOR INSIGHT into some still greater results of steel's increasing partnership with science we must peer into the bones of steel itself, not merely the bones of skyscrapers. Even in ancient times it was obvious that there were several kinds of iron. Sword blades of certain smiths or smithies were esteemed above others as tougher or more sharply edged or less likely to break when misused. No one knew why. The history of metallurgy contains hundreds of half-magical recipes for making good steel, including that often quoted relic of human cruelty and credulity which required the newly forged blade to be quenched and tempered in the living body of a slave. Nowadays the long continued researches of hundreds of laboratory workers, polishing millions of samples of steel and iron and studying through their special microscopes the kind and mode of arrangement of the minute internal crystals of these metals, are replacing magic and guesswork with certainty and fact.

Many times a five-foot shelf of able volumes are in print on the details of how the microscopic crystals in iron and steel control the characters of these materials, but the essentials are not really complicated. Nature has arranged things so that there are two kinds of pure iron, differing in the way that the iron atoms put themselves together into a solid structure. Just so a bricklayer can build several different kinds of walls out of the same bricks, some with all the bricks crosswise, others with all of them end to end, still others, perhaps, with some bricks pointed either way. And just as a bricklayer might put sand or emery dust into his bricks or his mortar to make the walls stronger, so Nature provides atoms of carbon ready to dissolve or refuse to dis-

solve in the two kinds of iron under different conditions and thereby to play important rôles in hardening and tempering steel.

One of the two ways in which iron atoms can arrange themselves is called alpha iron, the other is called gamma iron, both named for letters of the Greek alphabet. Alpha iron is magnetic, a little looser in structure and larger in volume than the same iron in the gamma condition. Gamma iron is non-magnetic, is denser and tighter in its atomic arrangement and dissolves carbon more readily than does alpha iron. The two kinds of iron change into each other at a temperature of approximately 1650 degrees, Fahrenheit, just as water and ice are interconvertible at the freezing point. Above this critical temperature of 1650 degrees pure iron is normally in its gamma form, tough and non-magnetic. Below this temperature the same iron normally is in the alpha form, magnetic and softer. The same iron bar changes back and forth as often as you change its temperature, just as the same glassful of water may freeze to ice and melt to water over and over again.

These facts explain immediately some facts about iron long mysterious to blacksmiths. One is the sudden slight lengthening of a hot iron bar at one instant during the cooling. This happens when the more tightly locked atoms of the gamma iron that is normal at high temperatures change over suddenly at about 1650 degrees to the looser atomic arrangement of the alpha iron normal below that temperature.

Another curious appearance of cooling iron is that called *recalcence*, by which the iron seems at a given instant suddenly to glow brighter as though it were being warmed internally. This, in fact, is precisely what happens, for the transformation from gamma iron to alpha iron sets free heat just as water sets free heat when it freezes to ice. This heat actually does make the iron bar hotter for a moment. The facts about alpha and gamma iron explain, too, why heated iron is no longer magnetic. The magnetic alpha iron existing at low temperatures has changed over to the non-magnetic, high-temperature gamma iron.

Still more significant are the facts about quenching and tempering. Every tyro in blacksmithing knows that a steel blade, for example, may be hardened by heating and sudden quenching in water. In fact, such treatment makes steel too hard. The explanation is that the preliminary heating puts virtually all the iron atoms into the gamma condition and dissolves the ever-present carbon in this gamma iron. The sudden cooling changes the iron, as usual, to the alpha condition, but allows no time for this dissolved carbon to come out of solution as atoms or particles scattered through the iron crystals. Thus the carbon, inside the iron itself, hardens the blade.

Slow cooling, on the other hand, takes out the steel's hardness or temper by allowing the carbon to crystallize more completely as larger carbon grains, thus leaving the iron in a different structure. Really good temper in a tool or a sword blade depends chiefly on an intermediate condition. The carbon grains developed on cooling are relatively small and are mixed more intimately among the iron crystals serving to key the whole structure into a rigid mass like dowels and tenons in a piece of furniture. This is why the rate of cooling of heated steel is so important.

The attainment of this proper temper once depended solely on the skill of the blacksmith, squinting at the cooling steel and plunging it into water or oil to cool it at precisely the second when he judged the resulting temper to be right. Nowadays, thanks to scientific controls

like the optical and other pyrometers which measure the temperature of red-hot steel as delicately as the physician can take your temperature, the hardness, toughness, and temper of a steel specimen may be predicted and controlled.

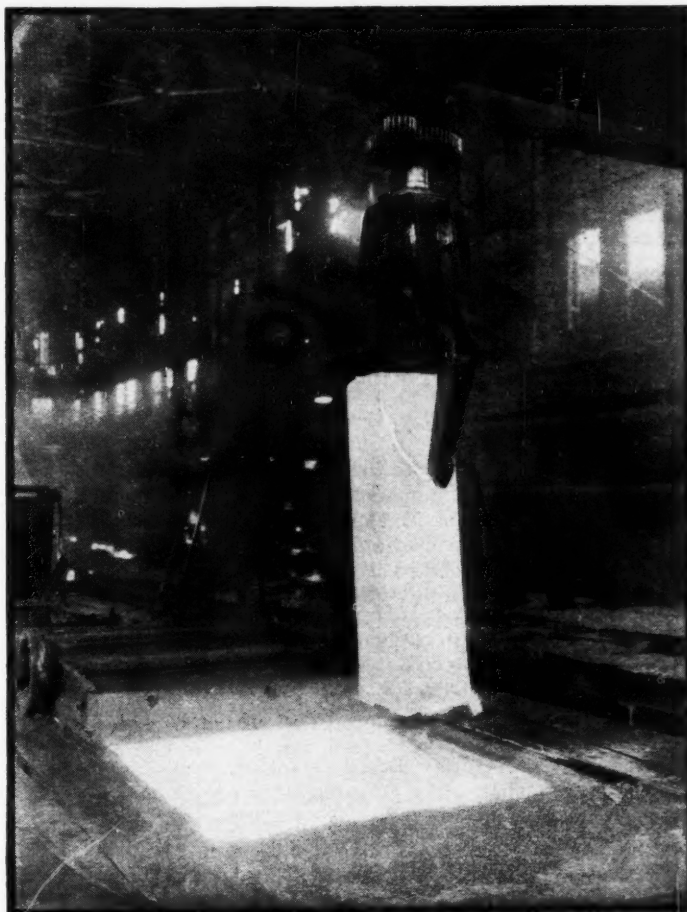
Thousands of tons of steel rails, beams or other articles may be produced of uniform properties to suit the needs of any job or the demands of any customer. It is reasonably certain, I would be willing to assert, that a modern pocket-knife made by millions and bought for a few cents has better steel in it than the best sword blade sold in ancient Damascus.

The whole story of steel and iron is not covered, of course, by these back and forth transformations of the two kinds of iron or even by the behavior of the carbon. Ordinary iron or steel may contain different amounts of carbon and frequently other chemical elements such as phosphorus or silicon, many of which may have practical effects. Cast iron or pig iron, for example, contains so much carbon as to be brittle though eminently suitable for some uses. The spectacular Bessemer converter is a device, invented years ago by the British metallurgist of that name, which makes ductile steel by blowing air through molten iron and thus burning out the excess carbon and other unwanted constituents.

Other chemical elements, like manganese or nickel, frequently are added purposely to iron or steel to produce real or imagined differences in properties. Most of these added elements seem to act chiefly by influencing the transformation between the two kinds of iron or the solubility of the carbon in one or the other of them. If salt, to take a more familiar example, is dissolved in water one of its effects is to lower the freezing point. That is why fresh water freezes more easily than sea water. Similarly, some chemical elements, including manganese or nickel, tend to lower the temperature at which gamma iron changes to alpha iron. Other elements, like the newly important metals, tungsten and chromium, tend to raise this temperature.

One of these last is the semi-metallic element called silicon, the effect of which on iron is what gives us modern high-quality radio receivers. Among the essentials of these receivers are good transformers to change the voltages of the electric currents. The centers or "cores" of these transformers need to be highly magnetic. Accordingly, they are made of silicon steel, the silicon acting to prevent the usual transformation so that the magnetic alpha iron persists free of the non-magnetic gamma iron in the sheets used for the cores of these transformers.

Some of these special kinds of iron or steel might have been discovered, indeed some of them were discovered, by purely cut-and-try methods, without use or benefit of the facts which microscopic and metallurgical research has made available. But never would cut-and-try methods have reached the combination of certainty and flexibility with which the modern steel maker can specify and manufacture a material of definite properties for a definite use. Dr. John Johnston, Director of Research of the United States Steel Corporation, recently listed thirty-one physical and chemical properties of steel which can be altered, more or



AN IMPORTANT STEP in the making of steel is the treating of the steel ingots in a soaking pit to obtain an even temperature throughout. The ingots are then ready for the rolling mill.

less at will, by changes in chemical composition, in heat treatment or otherwise, to control the atomic structure of the metal.

This new knowledge of the bones of steel also indicates, Dr. Johnston points out, that the mere amounts of carbon or silicon or other elements that happen to be present in a steel are not the only factors fixing its character. What might be called its "experience" also is important: its past heatings and coolings, the intensity with which it has been rolled or forged at different temperatures, even the length of time that it has been kept in storage at different degrees of heat or cold.

These do not alter the steel's composition, which might be called its heredity. They do alter its internal structure, which one might extend the human metaphor to call the steel's "education." And just as is true of men, both heredity and education are significant; the latter probably the more so, for whatever may be true of men, steels are useful or useless chiefly because of the internal structure which they have been forced to "learn."

ANOTHER accomplishment of research on the atoms in steel concerns its skin rather than its bones and has resulted, among other things, in the bright and shining metals which now decorate the tower of the Empire State Building in New York City and a number of similar buildings. These metals are mixtures of iron and chromium, sometimes with other metals also, especially nickel.

The resistance of chromium to tarnish in air, and to corrosion by the majority of liquids is due, research has shown, to its ability to protect itself promptly with an impervious chemical envelope of compounds of chromium with oxygen, like the new skin which the human body forms quickly over a wound. This atom-thin protective layer is transparent but gas-proof. Thereafter nothing happens to the bright metal underneath. Pure chromium, however, is a metal too temperamental and too costly for the majority of practical uses. It is exceedingly difficult to forge or roll it. It is so likely to be brittle that a chromium dagger, however sharp and brilliant, would shatter into fragments like a weapon of glass. To make the desirable properties of chromium useful either to architecture or to industry it needed to be married to some other element, not so costly and more willing to take orders.

This chromium tamer proved, once more, to be the always helpful iron. More than a decade ago there began to appear on the market the so-called stainless steels, really alloys of iron and chromium. The chromium atoms and the iron atoms happen to be closely similar in structure, and so arrange themselves similarly in the metals. Accordingly, they mix well. Also, the transformation temperature between alpha iron and gamma iron is raised by chromium as it is by silicon, and the mixed metal is relatively soft and workable. The alloy proved, however, to be not tough or strong enough for some uses or processes which engineers deemed desirable. Just before the War a German metallurgist, Dr. Benno Strauss of Krupp's, solved this difficulty by adding a percentage of nickel. This three-metal mixture, containing about 18 per cent. of chromium, 8 per cent. of nickel and 74 per cent. of iron, now promises to be the favored alloy in this stainless metal field. The nickel favors the survival of the tougher gamma iron at ordinary temperatures, and thus makes the alloy stronger. The chromium atoms spread out their protective film in front of the more vulnerable iron and nickel atoms and save them from corrosion, like the shield bearers of a Roman square.

THE GREAT GIFT of research science to all this is accurate knowledge. It has been said that the physical properties of water must have been designed for the benefit of man. For one thing, its capacity to store heat is invaluable. On a globe with oceans of kerosene, for example, there would be only torrid tropics and frigid poles. The moderate climates of the temperate zones would be impossible. The fact that ice is lighter than water and therefore floats is another unique circumstance that makes human life a possibility. Were this otherwise the oceans would be frozen solid. Water is admirably suited to man—or man is admirably suited to water—and the same thing might be said of steel.

No other metal or combination of metals which science has discovered possesses so versatile a set of properties. The mere fact that there are two kinds of iron transformable into each other makes it possible to have hard iron or soft iron; tough, strong beams for buildings; hard, sharp knives for weapons; soft, magnetic metal for electrical machinery. The further fact that the transformations between these two kinds of iron may be affected in so many ways by small amounts of other elements like carbon or silicon makes iron, once more, the answer to myriad needs.

This is the true Iron Age not because the metal is cheap or easily made or possessed of any especially useful set of individual properties, although all of these

things are true. It is the Iron Age because iron and its alloys can be persuaded to do more different kinds of things than any other metal known. It is the metallic jack-of-all-trades, and withal it is master of most of them.

Most of the steel that is manufactured the public never sees. It is buried in the frames of buildings, forms the rails that one's Pullman coach travels over so smoothly, or is concealed beneath the brilliant colors of one's automobile. One kind of steel, however, the public does both see and hear. This is piano wire; and on this article also, small as it is in quantity compared with other uses of iron, the scientific forces of the American steel industry are busy.

The American Steel and Wire Company, a subsidiary of the United States Steel Corporation, maintains in Chicago an acoustic laboratory in charge of Dr. William Braid White, chiefly to study piano wire. For every tone of a Paderewski or a Hofmann depends, in reality, upon a few billion iron atoms in the wire against which the hammer of the piano strikes.

Dr. White has been studying, for example, the variations of tone which skilled pianists believe that they obtain by striking a piano key in different ways but with the same strength. The verdict of the unemotional oscillographs and other acoustic instruments which he uses is otherwise. No variation of tone quality can be obtained, Dr. White finds, except it be accompanied by a variation of loudness. The tone depends upon the quality of the piano, the wire, and the energy with which the wire is struck, and upon nothing else that scientific measurements can detect. As better and better knowledge of the linkages between iron atoms in the thin threads of steel which string a piano is attained by the research microscopists, the acoustic experts may be able to build better and better pianos and the musicians to play better and better notes.

Already it is hard to find any life or any business not intimately associated with the use of steel. When corset steels vanished from American consciousness their place was taken by safety razor blades. Steel fences are recommended as the greatest aid to child safety ever invented, for fenced playgrounds are not invaded by the deadly automobile nor do children heedlessly run out of them onto dangerous streets. The smallest ordinary article of steel is probably the phonograph needle; the largest are steel machine castings which railroads continually are compelled to ship to their destinations by round-about routes half across the continent because they are too big to be hauled through tunnels on the ordinary lines.

Ships now are welded into one vast honeycomb of steel, and instrument makers use tiny steel springs too small to be seen without a microscope. Present-day civilization would not be possible without steel nails and rivets. Few appointments would be kept without steel springs in watches and clocks. Tin cans, which I have nominated elsewhere as probably the greatest invention ever made by man, are really steel cans, it must be remembered, merely coated with tin.

These industrial triumphs of steel many might consider sufficient but they probably have scarcely begun. Steel furniture already is a reality. Steel houses are proposed and universal steel floors. Umbrellas of thin steel sheets would wear forever and modern steels are flexible enough for everlasting shoe soles. It is less than a decade since laboratory researches gave us fully useful stainless steels. Who can say what additional benefits to mankind the modern partnership of research and the versatile iron atoms may provide?

Carnegie Tech and Its Job

By THOMAS STOCKHAM BAKER

PRESIDENT, CARNEGIE INSTITUTE OF TECHNOLOGY

PITTSBURGH SUGGESTS INDUSTRY—the application of science and engineering to manufacturing and construction. To many boys who are interested in machines, in popular science, it brings a picture of a city where engineering is practiced on a grand scale. A boy interested in electrical engineering thinks of it as the home of one of the great electrical manufacturing companies of the world. One interested in chemistry or metallurgy knows of it as a steel center, and he may have heard that one of the coke oven plants of the United States Steel Corporation uses in normal times more than 30,000 tons of coal a day. The Monongahela, the Allegheny, the Ohio—its great rivers—imply bridges, and every year sees huge new spans erected. These furnish opportunities for the civil engineer, while Pittsburgh's importance as a railroad center demands the services of additional large numbers of civil engineers. The mechanical engineers are at home everywhere—in the steel mills, in the glass plants, in the aluminum plants, in the power houses. Its coal mines require mining experts. In short, Pittsburgh can be conceived of as a vast clinic for the student of engineering, who wishes to see in practice the principles that he learns in the classroom or in the laboratory. So there come to this city every year hundreds of young men, to study technology.

It seems appropriate that the greatest of iron masters, Andrew Carnegie, should have endowed and established, in the city in which he did his most fruitful work, an institute for cultivating those branches of knowledge to which Pittsburgh is most deeply indebted for its commercial greatness. The Carnegie Institute of Technology is a monument to the foresight of its founder, who perceived that Pittsburgh in its industrial advancement would draw heavily on the resources of the scientist and the research worker. The institute is an expression of his desire to help young Americans, and to serve the city in which it is located.

No discussion of actual business conditions fails to make use of the expression "technological unemployment." There is an implication in this phrase of criticism of the engineer—possibly of the scientist. He may have done his job too well. His machines are so large, so efficient, his labor-saving devices so complete, that, for the present at least, he has saved too much labor and there are several million pairs of idle hands in the country. I shall not undertake a defense of the engineer nor a discussion of technological unemployment, its causes or its remedy. It will find a cure some

day and in some way. I am asked what effect have technological unemployment and the present hard times had upon the disposition of young men to study engineering. Has some of the glamor disappeared from the engineer's career, because of the technical specialists who are idle? Has the apparent over-supply reduced the number of candidates for this profession?

My answer, based on the enrolment at the Carnegie Institute of Technology, must be "No." There has been a small but steady increase in the student body of this institution during the past ten years, which has not been checked by the business crisis.

It is unwise to generalize on the moods and thoughts and aspirations of young people. The American student is generally reticent, especially to his elders, with respect to the things about which he thinks most deeply. Apparently he still has confidence in his ability to carve out a career for himself. The student of engineering believes that he has chosen an interesting profession. The fear of unemployment does not deter him. During the present academic year he is living more sparingly, and while he buckles his belt a little tighter, he gives himself more earnestly to his work. While the German student sees little hope in the future, and is apt to ally himself with one of the radical political movements, and while the English and the French student devote much time and thought to politics, the young American, and especially the student of engineering, remains a conservative. He does not like abstractions, and concerns himself with his work and the conventional college diversions. The problems of government, state or national, touch him but lightly. Should hard times con-

tinue over a long period, the mood of the student bodies of the universities may shift towards radicalism, but at present the engineering student seems to feel instinctively that his best opportunities lie in the continuance of the present capitalistic system.

I have said that the number of students of engineering in this institution is growing. This is partly due to the fact that in the present period of unemployment some former students, who had interrupted their work to accept positions, are returning to college in order to complete their studies. They doubtless realize that the investment that they have already made in their education will be unprofitable unless they can go through with their course and have it stamped with the approval of a degree. They assume that competition in the future will be keener, and that the best equipped man will have the best chance.



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DR. THOMAS STOCKHAM BAKER

What I have said refers to the regular full-time day courses that lead to the Bachelor of Science degree in some branch of engineering. The Carnegie Institute of Technology has also an extensive system of evening and part-time classes. Here conditions are different. Two years ago there were enrolled in this department nearly five thousand students. Last year the number was smaller, and during the present academic year it will be further reduced. These classes deal with subjects that range from elementary shop work to highly theoretical courses in physics, chemistry, mathematics, and the different branches of engineering. They are intended for graduate students.

Since the Great War there has manifested itself throughout the country an increased desire for self improvement. Adult education has experienced a great access of interest. This has shown itself in the growth of correspondence courses, of lecture courses, and of the night courses of the universities and colleges which are in great cities. With us, the numbers in our evening classes were multiplied four times in seven years. Young men by the hundreds came to Pittsburgh to work and to study. They could not afford the expense of a regular engineering course, so in this great municipal workshop they secured employment, and carried on their studies year after year until, in some cases, they secured the much-coveted degree. Now that employment is difficult to find, the influx of young men to Pittsburgh has ceased. But there will be this year more than three thousand in our night courses. Most of these students are still employed, some are not, and are striving to prepare themselves for a less rainy day. It is to be noted that the more advanced classes in the evening school are relatively more frequented than the elementary classes. The shop courses are no longer so popular as formerly. This may mean that those who have a good fundamental education have more confidence in the future than those whose early training has been neglected; or it may mean that the public schools are doing more for the young men who desire instruction along practical lines.

Officers of the Carnegie Institute of Technology, in their efforts to serve Pittsburgh, have given special thought to the study of metallurgy and coal. We recognize that Pittsburgh could not have been the Iron City had it not been able to build upon the foundation of coal. Metallurgy has been until recently an empirical science. Modern atomic physics is just beginning to

find an entrance into the metallurgist's workshop, and so a research laboratory which would be devoted to theoretical problems of the behavior of metals was established here seven years ago. Important results have already been accomplished, especially in the study of the alloys of iron manganese and carbon and of corrosion-resistant iron alloys.

The Metallurgical Advisory Board of the Carnegie Institute of Technology, in cooperation with the United States Bureau of Mines at Pittsburgh, has been engaged on a five-year program of research on the physical chemistry of steel making. The three outstanding contributions from this work are: development of a new manganese-silicon deoxidizer, which has been shown to be superior to ferromanganese ferrosilicon in combination in producing clean steel at a low cost; development of a method for quantitatively determining non-metallic inclusions in plain-carbon steels; and determination of the factors which affect the oxidation of steel in the open hearth furnace.

The graduate department of metallurgy is one of the most considerable in the United States.

There is quite as much, possibly even more, work

to be done by the scientist with coal than with metallurgy. The scientist cannot accept it merely as something to be burned and nothing more. He regards coal as a raw material out of which numberless commodities can be created. Its origin, its composition, its utilization, need to be studied. The present plight of the coal industry is tragic. Can science save it? Certainly not: at least it offers no quick cure. But it will in the end make coal more valuable, more useful, and it will preserve for future generations great deposits which, without its helping

hand, would not be conserved. For the present, the coal industry requires some great readjustment in its management which is quite beyond the range of the scientist's field. Once this is accomplished, the research worker will make his influence felt more definitely. He will find new uses for coal which will redound to the profit of the mine owner.

Pursuing our policy of cultivating intensively the field that lies at our door, the officers of the Institute of Technology decided five years ago to hold a world conference on bituminous coal. The prosperity of the coal industry would mean a brighter future for Pittsburgh. As a large and important section of the field of chemistry is concerned with coal and its derivatives, it has

THESE fifteen companies employ, each year, from thirty to five hundred night school students from the Carnegie Institute of Technology in Pittsburgh:

Westinghouse Electric and Manufacturing Co.
Carnegie Steel Company
Philadelphia Company
Jones and Laughlin Steel Corporation
Union Switch & Signal Company
Pennsylvania Railroad Company
Koppers Company
Mesta Machine Company
American Bridge Company
McClintic-Marshall Company
American Sheet and Tin Plate Company
Westinghouse Air Brake Company
National Tube Company
Aluminum Company of America
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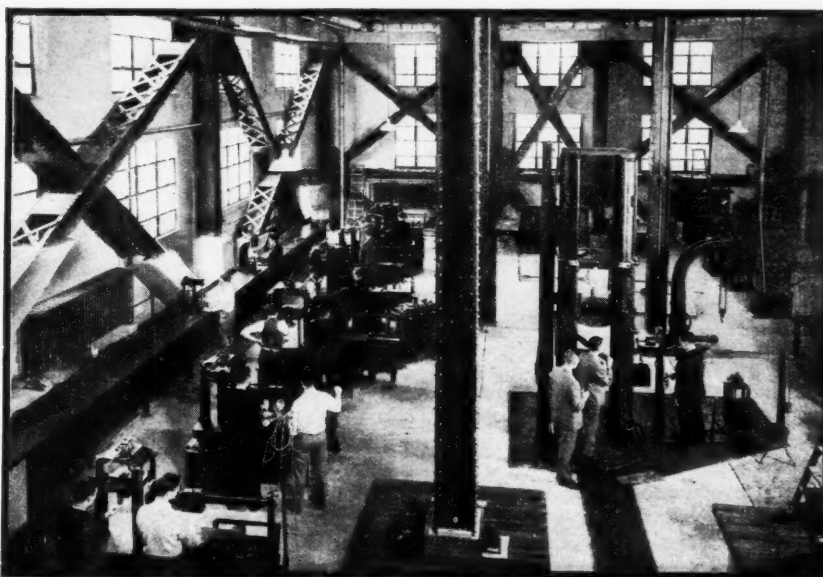
been my desire that the discoveries of scientific workers in this field shall be placed at the disposal of the coal men of the Pittsburgh district and of the nation. With this in mind we have organized at the Carnegie Institute of Technology three International Conferences of Bituminous Coal, the first in 1926, the second in 1928, and the third in November of this year. Our object is to learn all we can about the origin and the utilization of coal, and to aid us we have brought to Pittsburgh scientists from all over the world who may add to our store of knowledge.

A coal research laboratory is a sequel to these International Conferences. It was made possible largely through the help of Mr. Myron C. Taylor of the United States Steel Corporation, and is supported by the Steel Corporation, the General Electric Company, the Standard Oil Company of New Jersey, the Westinghouse Company, the New York Edison Company, the Koppers Company, and the Buhl Foundation of Pittsburgh. It has a staff of ten scientists at work on the general problem of the mechanism of thermal decomposition of coal. An attempt will be made to correlate to the fullest extent all the experimental work in order that a logical basis may be developed for predicting the behavior of coal.

There are in our city not only the laboratories of the institutions of learning, but great industrial laboratories, most of which are connected with plants. These are staffed with scientists eager to keep abreast of the times. Not only are the Institute's night courses offered to assist these men, but also they have the opportunity of attending special courses of lectures by the most eminent scientists. Among the speakers in recent years have been: Niels Bohr, Irving Langmuir, Robert A. Millikan, Michael I. Pupin, Franz Fischer, Ralph Modjeski, and O. H. Ammann.

IN THE REALISTIC, materialistic, atmosphere of Pittsburgh it may seem remarkable that an institute of technology should embrace a school of fine arts. But it does. At first sight the joining of students of painting, sculpture, the drama, and music, with engineering students may seem inappropriate. But, why not? Architecture frequently finds a place in an engineering school. The daring of my predecessor, President Hamerschlag, in attempting this union is unquestionable. But the results have fully justified his courage. The young engineers have not been retarded in their studies by the presence on the campus of a group of young people who hope to become artists, while the practical-minded engineers have not checked the idealism of the artists. Pittsburgh, because of the Carnegie Institute's permanent collection of pictures, and because of the annual International Exhibition, is becoming an art center.

I have discussed how business conditions affect the point of view of the student of engineering. What about the young artist? The architect seems to be discouraged. His profession has suffered greatly. His outlook for the immediate future does not bring much hope.



IN THE NEW Materials Testing Laboratory of the College of Engineering, at the Carnegie Institute of Technology in Pittsburgh.

This condition is reflecting itself in the enrolment of the architectural school this year. The man who is trained as an engineer is able to turn his hand to many things. A comparatively small number carry on engineering work in the strict sense of the word. They are executives of various degrees, salesmen, contractors, promoters, business men; while a student of architecture finds it difficult to adapt himself to any profession except that of architecture. The young American is therefore more reluctant to embark upon this career.

There is apparently no more hesitation at present to study music, or painting, than formerly. The career of the painter and of the musician has always been insecure, so that the young man or young woman with a real desire to be an artist does not allow himself to be checked even though the times be bad. There is this to be said concerning the opportunities for a livelihood for the artist; the schools as well as the colleges are giving more and more attention to the fine arts, so that they furnish employment as teachers to a number who would otherwise be dependent upon selling their pictures or giving concerts.

The relationship between engineering and the fine arts shows itself sometimes in unexpected quarters. Several years ago some of the officials of the Westinghouse Company asked that we organize a course in our College of Fine Arts which would be attended by a group of their engineers. It was felt that some of the electrical appliances that the company was manufacturing would be just as serviceable if more attention were given to aesthetic consideration in their design. We granted the request, and for several years this course has been well attended. Those who proposed the plan have been satisfied with the results obtained.

The policy of the Carnegie Institute of Technology has been definite. It has wished to serve the great industrial community in which it is located in the belief that in so doing it would best serve the cause of science and art and education. It has aimed to give to the industrial life of the city a background of pure research. Pittsburgh's greatness is due in a large measure to the applications of science. And as we contribute to the sum total of scientific knowledge, our institution is not only helping its neighbors, but the whole world.

The End of War Debts

LIKE REPARATIONS, THEY WILL NEVER BE PAID

By FRANK H. SIMONDS

THE TERMINATION of the Washington visit of Premier Laval has been followed by a new and ever-expanding discussion of the old familiar subject of war debts and reparations. Almost thirteen years after the convocation of the Paris Peace Conference, and actually at the beginning of the fourteenth year since the close of the World War, the question of who is to pay the costs of the struggle remains open. Only two facts seem fairly well established: the United States still is resolved not to cancel the war debts; the German people are equally determined not to pay reparations.

In these fifteen years the discussion has gone through many stages. During the first five years a long and bitter debate was terminated by the Dawes Plan, fixing the German payments, and by the various debt settlements determining the sums to be paid to the United States by her war-time associates. Since then certain things have taken place: the Germans have paid the Allies, in round figures, some \$2,000,000,000; the Allies have paid the United States an equal amount; and the United States has lent Germany \$2,500,000,000.

In practice, we have lent Germany all that she has paid her creditors, and half a billion beside. Our Allied debtors have paid us the \$2,000,000,000 which they collected from Germany. In point of fact all is as it was before, except that we now hold German notes and securities to the amount of \$2,500,000,000; and Germany, thanks to a moratorium, has been forgiven immediate payment of reparations for a full year. She has also been permitted to enjoy a respite in the payment of short-term loans. The Allies in their turn are getting nothing from Germany, and paying nothing to us on account of debts and reparations.

Now the question arises, shall Germany begin to pay off first her commercial debts, or her war reparations? She cannot pay both now. If she begins to pay off her short-term indebtedness to the United States and Great Britain, she cannot also begin to pay reparations to the French. France, however, has no considerable long-term or short-term investments in Germany, and is entitled to half of all reparations and to more than \$100,000,000 a year which is unconditional, subject to no legal postponement though for one year postponed because of the Hoover Moratorium.

But unless France agrees to permit Germany to pay commercial debts before reparations, the Germans cannot do this legally. Thus France has the power of veto over all Anglo-American collections in Germany, for reparations are a first mortgage. This French mortgage can be raised only as the United States is prepared to cancel French war debts, and only to that amount. Since France is entitled to \$100,000,000 more than she is bound to pay us annually, the second step must be bargaining over this French claim.

M. Laval came to the United States and obtained

from President Hoover a promise not to undertake any new operations outside the framework of the Young Plan. That means, in simple terms, that all future dealing with Germany must be on the basis of an existing contract which provides that Germany shall under all circumstances pay some \$160,000,000 annually, and that of this sum France will get \$100,000,000. If Germany asks, she can—under the Young Plan—get a moratorium for the remainder of the \$450,000,000 which she is bound to pay annually on account of reparations.

All this means that while France is today the single European nation able to pay a war debt to the United States, France is in the position to block any effort on the part of the private investors of the United States and Great Britain to get their money back from Germany save on French terms. England, Italy, and Belgium cannot pay their debts to us because of their respective situations. France can pay but she cannot be made to, because she has through the Young Plan a strangle hold upon the whole situation.

If the American and British Governments desire to aid their banks and investors in getting back their loans to Berlin, they must meet French conditions. But the Germans who are able and willing to pay their commercial debts, and resolved never to pay any more reparations, confront Britain and the United States with the simple proposal: "You must get us out of the reparations hole if you want to get your money back." This the United States and Great Britain cannot do, because France cares nothing for commercial debts and everything for reparations.

L AVAL AND HOOVER agreed that France should try some arrangement with Germany, and that Germany should look to Paris and not to London or Washington for a settlement. But no German government can live which undertakes to pay reparations again. The German people are done with such payments. They cannot be made to pay by the use of force, as the Ruhr episode proved. They cannot be coerced by blockades or boycotts, because such measures would aggravate the economic situation and reduce the chances of collecting commercial debts.

Hitherto Germany has been persuaded—when the Dawes Plan and the Young Plan were made—to resume reparations payments in return for new loans; and the money came largely from the United States and Britain. But Americans and British are interested now not in lending Germany new money but in recovering what they have lent.

Moreover, despite all reports to the contrary, the French are not going to risk much of their money in Germany. They believe that Germany has twice deliberately bankrupted herself to escape reparations. They see that the British and the Americans have sunk

\$4,000,000,000 in Germany and cannot get it back. They also believe that within the next few months Germany is "going" Fascist anyway, and that when the National-Socialists arrive in power there will be an all-round repudiation of reparations and the precipitation of a domestic disturbance which will make the payment of commercial debts similarly impossible.

What does this add up to, in terms of immediate American concern? The Hoover Moratorium year will last until next July. During that time no payments will be made. Meanwhile something will have to be arranged in advance, and it is clear that no one but France will be able to pay next July. In February all the "frozen credits" will theoretically become unfrozen. Britain and the United States will want their money back. But the French will quite politely insist that this money must go for reparations first, since reparations are a first mortgage.

In the language of the street, therefore, both the British and the Americans are "whipsawed." They cannot get their commercial loans back unless they resign their governmental claims, the British upon Germany and France, the United States upon her war-time allies. When Congress assembles there will be an enormous struggle over the Hoover Moratorium, although no one expects that it will be repudiated. Once it is adopted, however, it will be impossible to do anything about debt cancellation because Congress and the country are resolved against it.

We are, then, rapidly approaching the situation of deadlock. Germany is not going to pay any more reparations. As a result, our associates of the War are not going to pay any more war debts. We can appoint committees to review the question of capacity to pay; yet the issue is not of capacity but of will to pay.

In practice, the American people must make up their mind to the fact that they are not to get any more payments on account of war debts. They may cancel, or refuse to cancel; but that is a merely mechanical operation. Those people whom I have seen, who have come from Europe recently, agree that everywhere the war debts are regarded already as having the value of Fenian bonds or Confederate currency. For all Europeans the Hoover Moratorium of last June rang the curtain down upon war debts.

In the matter of reparations the same is true, save those unconditional sums due the French. France can take these in kind, in coal and chemicals, and in various other directions. German industry would perhaps support a government in continuing reparation payments in kind for a few years, because it would raise no question of exchange and would also constitute something like unemployment relief. But even that cannot last long.

If the Bruening Cabinet succeeds in keeping power beyond February, it will only be because in the meantime it has obtained concessions alike in the matter of reparations and private indebtedness from its creditors. If the present cabinet fails, the Hitlerites are bound to repudiate reparations, and Germany will be in a turmoil and incapable of paying debts.

The next year, in my judgment, will see a far-reaching liquidation of the whole distressing question of debts and reparations. It will be a liquidation in fact, begun by the final repudiation of the reparations obligation by the Germans, and followed by a corresponding assertion by the Allied nations of their inability to pay war debts. This step will be forced upon governments by their peoples, suffering from economic and financial depression which is bound to have continuing evil effects for a long time to come.

It is entirely possible that one of various ingenious methods may be invented to disguise the reality, which is that reparations and debt payments are over. Some new forms of moratorium may be hit upon, but even this is unlikely. It is unlikely because Finance is in no position to try again. It tried the Dawes Plan and the Young Plan. On the strength of these plans Britain and the United States loaned Germany \$4,000,000,000, largely through the medium of investments and short-term notes. In return the United States collected \$2,000,000,000 in war debts. Attempting to collect debts and reparations has cost the British and American peoples \$4,000,000,000, which they may or may not recover, and temporary interruption of payment has produced a British crisis.

The question of whether the respective peoples are able to pay reparations and war debts has little to do with the present issue, although at the moment all but the French are unable. The fact is that no one is willing to pay, and it is politically impossible for any government to compel its people—who are also voters—to reduce their standard of living and increase their present burdens in order to pay. The opposition, in every country, makes votes and wins elections on that issue whenever it comes up.

The American people have sooner or later to write war debts off as bad debts, as a part of the loss of the War. Practically speaking, they have never been able to collect anything on account. They have merely lent money to Germany and taken it back from the Allies. Even then they have not recovered as much as they lent. True, they have in addition a vast amount of German notes and securities, but they have had to resign all present hope of collecting on these; and payment, if it comes at all, will come very slowly.

POLITICIANS DISGUISE from the public the fact that the mere act of canceling has no importance, because there is no power to collect and no chance that the debtors will pay voluntarily. It is true that if our British, French, Italian, and Belgian debtors do not pay, we shall have to pay; that cancellation means shifting the burden from foreign to domestic shoulders. The shift has already taken place. Hitherto the American investor has been carrying the burden by buying German securities; now the taxpayer will have to carry it directly. But there is no remedy.

Meantime, in getting the President to agree to the perpetuation of the Young Plan as the basis for future action, M. Laval gathered the last remaining thread into French hands. Germany can do nothing now, save as she has French permission. She cannot even pay her commercial debts, because she has to meet the first mortgage—which is reparations. Now Germany can get relief only as she meets French demands, and American and British creditors can recover on their German lendings only as they assist France in compelling German submission to French terms.

The Laval excursion, therefore, is likely to count as one of the most shining successes of post-war adventures of French statesmanship. In effect, it has robbed the Germans of the last remaining hope of escaping from the French net. Always they have counted upon Anglo-Saxon power to restrain France. The collapse of the pound sterling abolished the hope of British aid, the Laval visit ended the dream of American assistance. German isolation is now complete. She is face to face with France. As a consequence, she must either surrender or throw herself into the arms of the Fascists; and her decision will not be delayed long.

Light and Power for the People

By EDWARD M. BARROWS

▼ HOW CAN our power problem best be handled to protect the interests of the consumer and of the nation?

THE SCAPEGOAT WINS no bench shows, nor blue ribbons at county fairs. Yet he is and always has been humanity's most popular animal.

This is manifested in a number of ways, according to race, religion, or civic pride. The Israelites used to take a friendless goat and by incantation freight him with the sins of the community. Then they would curse the goat for being so sinful, and send him into the wilderness. Some English villagers are reputed to have given a more practical civic application to the same idea. Each year they devised a huge *papier mâché* devil and set it up on the common. Then all transgressors were brought before it; and as each confessed his slip from virtue the devil was soundly whacked with large staves. The theory was that since Satan was the father of sin, he ought to take the consequences. Thus Evil was rebuked, Civic Virtue glowed, and no one's private interests suffered.

Fittingly, modern America has a combination goat and devil, named Power Trust. Cartoonists have long made his features familiar: a pudgy little man with the mutton-chop whiskers of the '90's, and a smug expression. He wears spats and a silk hat. His vest has dollar signs all over it. He has about the same relation to our industrial economics as the English pasteboard contraption had to the villager's stolen cow. But that is precisely his advantage. He saves us from thinking. Whenever a citizen begins to wonder why promise and performance seem to be so far apart in political endeavor, the politician can always drag this Power Trust forth where he will obscure any embarrassing details of fact, and then proceed to belabor him with loud cries and appropriate breast-beatings.

Considering the importance of power development to industry in this country, and its vital intrusion into the personal lives of most of us, it is strange that so many are content to accept such a grotesque symbol, and make no effort to find out whether there really is a Power Trust, and whether its powers are as great as the gyrations of its political dervishes portend. One excited patriot calls it "The most disgraceful and far-reaching and shameful combination that has ever been organized by man." If we have deliberately

created such a devastating Mumbo-jumbo in our midst, we stand indicted as the greatest collection of idiots in the story of mankind. There is nothing in the nature of power as a commodity, nor in the American social organization, to make such a monstrosity a necessary evil.

If this Behemoth exists, what are we going to do about it? One faction suggests that we let the Government own it. But how can mere change of ownership affect the nature of the beast? According to those who fear it most, the Power Trust works its havoc through three characteristics inherent in its nature: it is a "natural monopoly"; it is becoming an indispensable factor in our daily lives; and it offers endless temptations to unscrupulous men.

It would be still more a monopoly if a single government commission controlled it, instead of the present four-thousand-odd companies and three and a half million stockholders. And when we consider recent performances of our ward, town, state and federal political bosses, surely no one will suggest government as a refuge from unscrupulous men. Change its name from Power Trust to Power Administration, but you have the same old devil to whack.

The People's Legislative Service, which evidently believes in bigger and better devil-whacking, makes this suggestion:

"Do you use electricity or gas?

"If you do, be on your guard, especially put your children on guard, against the Poison Squad of the Power Trust. By way of constant reminder, paste poison labels with skull and cross-bones at every outlet in your home."

In other words, teach your children that the way to deal with an economic crisis is to befog your reason with Hate and Fear. These seem to be the only suggestions offered by those who have fallen under conviction of the Power Trust. Both fall pitifully beneath the emergency which their advocates claim exists. Yet if the power industry is such a menace, surely it is time that the public stop listening to the incantations of political medicine men and give their cool consideration to the facts.

Leaving out considerations of political control, the public's interest in power is just that of any other commodity. We have the clear right to demand that the industry supply us with

- (1) power in any quantity desired;
- (2) power as quickly obtainable and easily usable as scientific knowledge will permit;
- (3) power as cheaply as the producer's right to a reasonable profit will allow.

The similarity of these basic public

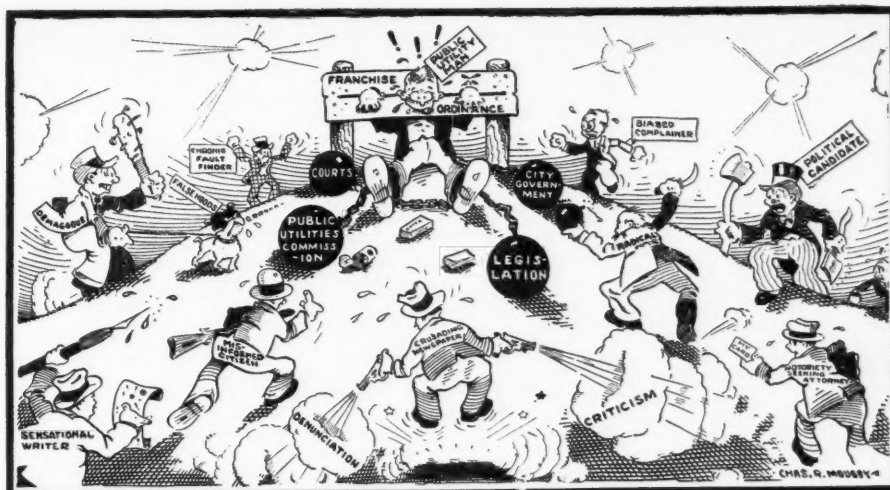


By Chapin, in the Philadelphia Public Ledger
PUMPING UP A BLIMP

THE PUBLIC UTILITY MAN

This is a public utility journal's conception — pinioned by franchise restrictions, hampered by laws and commissions, pestered by politicians and radicals.

From *Natural Gas*



rights in the power industry, to those in oil, coal, dairy products, insurance, or any other basic industry, is recognizable. Also there is the same public responsibility to give these industries legal clearance to fulfill their functions.

But when we analyze this element of legal regulation in the power industry a new set of conditions comes to view. When you buy power you are not buying a tangible thing; you are buying a service. This service is complex, expensive, and intricately technical; the power consumer can only grant the power producer the legal latitude to deliver results in his own way.

Too much latitude may constitute a social danger, for power is a natural monopoly; once installed, the owner of the power service may have you in his grip in many ways that might prove uncomfortable. It makes no difference whether your potential tyrant is a monarch, an elected government, or a syndicate of stockholders. So here is another public interest in the power industry:

- (4) The monopoly inherent in power distribution must operate to the public welfare, not to its harm.

Complicating all the problems involved, power distribution is now a political issue. It is useless to protest. So we have another public interest:

- (5) Political intrusion into the power field must be in the interest of the consumer, and not in the interest of any political party, faction or clique.

Whatever system of administration from within, or of popular control from without, will best take care of these five points is naturally the one that should have the public support—whether it involves trust domination, commission regulation, or government operation. A name means nothing so long as it spells efficiency.

The facts to consider are those bearing on the present-day organization for power service, the reasons why this organization exists as it is, its effectiveness in the public service, and the fitness of its guiding spirits to administer it for the public. Then we can compare those facts with the picture of the Power Trust held up to the public by those who assume its existence, and with the method they offer for combating it—government operation of public utilities.

The story of electric power begins in the laboratories of that genius in bending the mysteries of nature to human use, Thomas Edison. The time was 1879, only fifty-two years ago. Edison had devised not only a practical incandescent lamp, but a method by which a

number of lighted lamps could be maintained on the same circuit, from a central source of power.

Here we must pause to clear up the first popular misconception of Edison's contribution. He did not conjure up an electric light from his own brain, and thereby inaugurate the marvelous electric era that is still in its infancy. Great inventions are rarely created. They are evolved, usually by the patient research of many men in many countries. English, German, and American scientists had worked for decades on developing the principle that Edison brought to fruition. The lamp itself was only one element. Edison laid the foundations of the power era, showing the world how to produce power in large units at one place, and subdivide it into smaller units that could be delivered in many places.

After the feasibility of his system was proved, Edison organized a small company and opened the historic Pearl Street Power Station in New York City, the first electric power station in the world. For the operation of this and his allied industries, he gathered about himself a remarkable body of assistants; and here the real story of America's power industry begins. These men were young, enthusiastic, imbued with the pioneer spirit, and with their own ways to make in the world. With their own hands and brains they had helped the great inventor to perfect the first light, devise the first distribution system, and then make the first installation.

The careers of many of these men constitute one of the most stirring volumes in the story of America's industrial unfolding. Only a few may be mentioned here. Among these are Nikola Tesla, to whose inventive genius power uses for all time are indebted, and the late John W. Lieb, first manager of the Pearl Street station and for more than a quarter century president of the New York Edison Company. Still among those at the forefront are Samuel Insull of the Midwest Utilities Company, Edison's personal assistant in those early days, Sidney Z. Mitchell, of Electric Bond & Share, and C. L. Edgar of the Edison Company of Boston.

Thus it has come about that a majority of our important power enterprises—operating, developing, and holding companies—have been organized by men who either saw the birth of this new industry, and worked with Thomas Edison himself, or else were trained under the tutelage of his former helpers. It is a situation unique in industry. There was no competition, and whole-hearted coöperation arose in matters of technical development and service organization. These men who struggled together in the picturesque heart-breaking

experimental days, when a thunder storm could deprive a community of its light, and when a few thousands of capital could be raised only at almost prohibitive interest and after months of discouraging effort, have organized themselves into the Edison Pioneers, to keep up the spirit and social intercourse of those early days.

Within two months of the opening of the Pearl Street plant, an experiment in power production was tried in Wisconsin which opened possibilities that not even Edison himself had taken into consideration. A turbine was installed in a little shed on the Fox River and connected with a dynamo. It was able to light a few feebly burning lamps, and thus hydro-electric power began. This brought fresh complications of unexpected discoveries and disasters born of ignorance.

Today the hydro-electric phase of the power industry has become a dominating influence in the political manipulation of power. Within the industry itself, hydro-electric power is by no means as important as it is to the politicians. There are three discrepancies between engineering and political points of view:

THE FIRST POLITICAL misconception is that water power is an inexhaustible reservoir for generating electric energy at slight expense. The facts are that electrical energy delivered to the consumer costs practically the same per kilowatt hour whether it comes from a steam plant or a hydro-electric plant. There are important exceptions to this, dictated by purely local conditions. Even where communities have access to both kinds of power, engineering problems determine whether steam or water should be the proper generating power. The physical force displayed by a waterfall or by tumultuous rapids is dazzling to the layman. He sees apparent waste, and vaguely feels that engineering science should be able to do something about it. Also, since a river never dries up, and water always runs downhill, Nature apparently offers a power plant which will run forever and for nothing.

The engineer, however, is not at all impressed by thundering waterfall and whirling rapids. He knows that there is a vast difference between *force* and *power*. To capture force and convert it into power may sometimes easily be done. At other times it can only be done at an expense for construction-and-after-maintenance which would make impossible the economic use of the power. Perhaps, also, the waterfall or rapids is too far from population centers or from transportation facilities, to be worth developing. Water in a river is like coal in a mine, or oil underground. It must be transformed into available energy and delivered to the consumer, before it has any value.

The power industry's interest in hydro-electric possibilities is only partially as a matter of economy. Power engineers are more interested in it as a matter of conservation. The more water power we use, the more coal and oil we conserve; and water power is not exhaustible in the sense that coal and petroleum are.

Another misconception is that a hydro-electric plant can supply power by itself. With the exception of one or two unintermittent sources of power, such as the Niagara Falls plant, supplementary steam power must always be used. This fact is continually deceiving advocates of governmental power plant operation, who for the most part are politically-minded laymen ignorant of the laws which the power engineers have learned by bitter experience. They point to an idle steam plant erected beside a power dam, and accuse the power companies of wasteful operation and unnecessary sinking of capital upon which returns must be paid.

Power men know better than this. Power and light must be supplied regardless of season. If not, private companies will fail, because their revenue comes from the amount of power they deliver. This short-sightedness was dramatically revealed in Seattle a year or two ago. The city had taken over a power plant. It let the auxiliary steam plant fall into disrepair to show taxpayers a paper profit under municipal operation. Private companies could not have done this, for they must stand ready to deliver power at all times, under any conditions, and they knew what would happen sooner or later. It happened sooner in this case, for a great drought spread over the Northwest, and the municipal hydro-electric plant could not deliver service. The private companies threw their auxiliary steam power into action. The municipal plant tried desperately to obtain supplementary power from the private companies, but this was impossible because the private companies must meet their own needs. Finally, a United States warship had to steam up from San Francisco and turn itself into a temporary power plant, to save Seattle from darkness.

Another popular misconception relates to the actual cost of producing power. We see the great generating plants and the mighty dams, but we do not see tremendous organization of men, conduits, wires, and workshops, engaged in delivering the power from the generator to the consumer's outlet. So we naturally conclude that the cost of producing power is the chief item in the consumer's bill.

The truth is exactly the opposite. An official in a holding company recently made a curious experiment to demonstrate this. He had all his subsidiary companies furnish him with figures showing the average cost of sending out a monthly statement, including stamps, stationery, accounting expense, and so on. Then he called for a statement showing the actual power-house cost of producing the power charged for in the average consumer's bill. The two figures were almost identical. It had cost the companies almost the same amount to bill the consumer for the power used as to generate the power itself. Yet in addition to these two items the consumer must be charged for the installation of hundreds of miles of conduits and wires, for their constant repair and maintenance, for the cost of expert engineering supervision, and for a score of other items. These are all involved in the transmission of power. As in almost every basic commodity, the greatest part of retail price is not production cost, but distribution cost.

The troubles of many an irate domestic consumer begin with this misunderstanding. If the same rate were charged both industrial plants and homes, the industrial plant would bear a large portion of the home consumer's monthly bill. This is because special facilities have to be maintained for the home consumer. Consumption of electricity is erratic. At certain periods each day every consumer uses it. Power engineers refer to those periods as "peak-load hours." The power companies must either apportion the cost of this extra service among the different classes of consumer, or resort to the Russian plan of prohibiting the use of electricity in the home except at stated hours.

Again, the domestic consumer may by law demand the right to use as many different outlets as may be desired, all at once. The company must stand ready to deliver at any time sufficient voltage to supply every outlet. This makes for discrimination among domestic users with varying numbers of outlets. Some companies are trying to adjust this by making a charge based on the number of outlets in a given home, so that

the possessor of a few outlets will pay less than the possessor of many. This may mean that the home with many outlets will have a bigger bill than one of few outlets, even though both use the same amount of metered power in a given month. Then the two housewives compare bills, and the collector must mop his face and try to explain.

Knowledge of power engineering has come only through costly lessons and bleak experiences. Early in the story of the power industry, the necessity of large scale operation and of abundant financial backing were evident. Near the large industrial centers, the greater power organizations began to buy struggling plants in smaller towns, by combination making them successful. Then if a plant went wrong in one town, its transmission wires were connected with another plant owned by the same company, and consumer service was supplied without a halt. This interchangeability is one of the most valuable characteristics of the power industry. Breakdowns are matters of everyday occurrence. In New York City there is scarcely an office building that is not connected with two and sometimes three large power plants under the same central system.

A decade ago, particularly in the smaller communities, this situation could not exist. There was not sufficient capital to enable a plant to keep abreast of its many exigencies, or for improved and expanded facilities. Banks soon became wary because power plant financing has unusual features. Its money comes from the sale of continuous service, year after year, and not from articles of definite value. In order to deliver a single kilowatt hour of power, a complete plant must be built. There is no turnover.

This has led to the formation of the holding company, another misunderstood institution. The function of such a company is to supply capital for improvement and expansion of power operating companies. It buys stock in a large number of individual companies, and then uses this accumulation of stock as a credit reserve to meet the needs of any of its constituent companies. Often it maintains a central organization to supply expensive engineering services, central purchasing bureaus, and other functions which improve service and lower rates, and incidentally save the lives of many hundreds of struggling small companies.

That the holding company is misunderstood and feared by large numbers of people is due to the complexity of its financial operations; to the fact that before commission regulation interfered the holding-company principle was seized upon by stock speculators to float doubtful enterprises; and to the fact that political enemies of privately operated utilities have always exploited these speculative schemes as true holding companies, while they never allude to their real value. Yet the holding company is one of the power industry's most valuable safeguards to efficiency and economy of operation. The public has benefited by them a thousand times for every time it has been hurt.

With the growth of the power industry came two more unique features. Because of the obvious waste of two or more expensive installations, overhead wires, and operating services in a single community, the monopolistic nature of the power industry became recognized by law. Once a company had installed its system, competing companies were forbidden to enter the same field unless a condition of "necessity and convenience" to the public could be proven. Inevitably there followed the commission regulation system now in force throughout the country, whose function is to protect not only the power consumer, but the whole

people, from abuse through unfair rates, discrimination, or waste of power through monopoly. As political animosity developed, the power commissions grew stronger and more arbitrary, and today they occupy a position unique in economic history.

Delaware excepted, every state has some form of commission regulation of electric power companies.

Generally they consist of three salaried members elected by the people or else appointed by the Governor for definite tenures. Commissioners are usually removable on charges, by the Governor or by the state courts. Invariably there is machinery for appealing the decisions of the commissions to the state courts.

Always subject to court review, the companies generally must accept the commission's rulings as to methods of accounting, sale or acquisition of property, issue and sale of securities, changes of contract rates, consolidations and mergers, leases, construction of new lines, joint use of facilities with other companies, and such other matters as bear on the public interest. In most states the commissions pass on complaints made by consumers, or may initiate complaints themselves.

In matters of publicity the commissions are even more strict. Every little detail of power plant financing and operation must be submitted in forms specified by the commissions, and these details are open to public examination. All evidence received by commissions and all their findings are open to the public.

Through the publicity thus enforced, the public has a far greater control over the public utilities than it has over any governmental department. The power industry officials, great and small, must live under a white glare of publicity that would ruin most politicians. It is worthy of note in this connection that in all but a few states, municipal plants are specifically exempted from commission regulation. They need issue no reports; they fix their own rates, and are accountable only to themselves and to their municipalities.

ONE OF THE MOST important functions of a power commission is the determination of rates. Today the charge of a private company may make for current cannot go into effect until approved by the commission. Rates are generally determined by five factors.

1. Actual value of the plant at time of fixing the rate. The commission alone determines the value, after eliminating properties not necessary for operation.

2. Direct cost of power manufacture and plant maintenance. The commission determines these costs, and decides what is necessary for maintenance.

3. Direct cost of delivering power to the consumer, and cost of maintaining necessary lines, meters and outlets; the commission determining costs and necessities.

4. Nature of consumer service rendered—whether to homes, farms or industrial plants; rate differentials being due to different types of service requiring different kinds of equipment and different elements of maintenance costs. The commission examines those details minutely, and approves rates accordingly.

5. Amount of power contracted for in a single transaction; briefly, whether the power is purchased wholesale or retail.

The variations in which these rate factors combine in different communities are innumerable, and this is why the rates in different cities, even on the same power system, are rarely the same except by chance. When you move from one town to another, in all likelihood you will pay a different price for your "juice." The nature of the power supply may be different. Maintenance costs of plant and lines may vary. Wages may

be a factor. Taxes vary widely, and these must be added to the consumer's bill. Even the building codes in different cities affect the rate.

When the rate is fixed, the maximum profit allowed a power company in any one year is limited to not more than 8 per cent., *not on the value of investment, and of securities issues, but on the present physical value of the company's properties in actual use for production.* In many states the legal profit is much smaller, and rarely do profits approach that figure. When profits tend to exceed these legal limits, the charges for service must be lowered. Furthermore, the public gives the utility no guarantee that it will make even a reasonable return on the value of its physical plant.

How, then, can the power company increase its earnings? There is only one way. It can sell more power. Selling more power means adding new facilities; this increases its physical valuation, hence the gross income which it is allowed to earn. But selling more power means keeping rates down to the lowest possible point, constantly suggesting new and economical uses of power, and furnishing facilities for new uses of power. Above all, keep the rates down! Power is a natural monopoly only as regards internal competition. If rates are high or service poor, the power purveyor finds himself quickly in competition with the coal man, the gas man, the ice man, the steam power sellers, and with the small, portable steam and electric power devices.

So we find the power engineers striving constantly to reduce construction and maintenance costs, inventors working with might and main to find new ways of making power service attractive in the home, on the farm, and in the factory; and the power companies striving eternally to increase their service to the consumers.

It is a common practice of the power companies to sell electric appliances to their customers, the object being not to make money as equipment retailers but to increase the use of power in the home. In several western states, Oklahoma among them, hardware men and other retailers of electrical appliances engineered a movement to keep the power companies out of this retail business by law, purely because their own businesses were being hurt. The public did not realize this until they found themselves paying increased prices for necessary equipment. Promptly protests arose; politicians eagerly climbed to the other side of the fence, and are now agitating for repeal.

THIS, THEN, IS the fact-picture of the electric power industry in America today, which Socialist and Communist organizations, certain leaders of the Progressive bloc, and some independent leaders of radical politics would have us believe is the Power Trust. "This gigantic trust that has secretly (*sic*) enmeshed its slimy fingers in the warp and woof of human life," as a plot-hunting Senator described it; or a "poisonous spider," as a "progressive" Governor characterized it. Anyone can learn minutely about the power industry. Publicity which the laws compel insures this.

The same cannot be said of their so-called Power Trust. When you attempt to obtain, through the printed statements of its devotees, the plain facts upon which to base a description of their devil, you encounter lurid adjectives but no facts. They do not tell what the Power Trust is, who composes it, what its activities are, who or what it has harmed, who or what it benefits, where or how they themselves came to believe in a Power Trust, or why little children should be taught to hate it. You find only endlessly repeated, hate-breeding, vindictive adjectives. Such evidence would be

laughed out of any court in the land. On the other hand, the evidence that no such trust exists, or under our present system of control could exist, is factual, verifiable, and overwhelming in volume.

This leads to the only conclusion possible; that the Power Trust is nothing but an idol of the scapegoat, paper-devil type. Probably the size and scope of some large holding companies has been taken as surface evidence of a trust, although many of them are highly competitive among themselves. Generally it has originated in the suspicion and fear that ignorance often displays toward mere size. Some of the more sincere of the high priests who expound its terrors are merely victims of their own persuasive eloquence; but others are by no means so naïve. Fully aware of the falsity of their image, they deliberately use it to stampede the public.

One instance will close further consideration of the Power Trust Mumbo-jumbo and its witch-doctors. In 1926 Congress authorized a special commission to make a thorough investigation of the power industry, in order, among other things, to ascertain definitely whether or not there existed a Power Trust. This is the purport, not the legal phraseology, of the commission's instructions. After two years' study of every phase of the industry, at a cost of perhaps half a million to the government, and of many millions to different companies within the industry, the commission made a voluminous report in which it stated categorically that no such trust existed. A year later it made a supplementary investigation which reaffirmed this finding. Yet with the findings of their own commission before them, certain Senators continue to whack the Power Trust in public statements and on the floor of the Senate.

No more need be said as to the nature of such belief in the Power Trust. It is an inner conviction of faith, of the kind that is continually leading fanatics to prophesy the immediate end of the world. The more overwhelming the proofs against a belief of this kind, the more tenaciously it becomes rooted. Throughout history men have gone to the stake for such beliefs, but they will never submit them to the test of reason. Such zealots make perfect tools for the machinations of a different type of Power Trust cultist, who is not deluded and whose objectives are more sinister.

The question of government intrusion into the power business cannot be dismissed offhand. The difference between government ownership and government operation must be kept in sight. Government ownership is not an issue. It is, and always has been, the right of government to own property in behalf of its citizens. The issue is the right of government under normal circumstances to operate such properties. This involves the problem of tax-subsidized competition, of bureaucratic control, and of the efficient management of public properties. These are only a few of the phases involved.

As to power, some advocates of government operation see in it only another method of administering a great public service in behalf of the whole people, just as our postal system is operated, or our municipal waterworks. Others see in it a method of reducing taxes, by turning the profits of the utilities into the public treasury. Others have a vague idea that we are being oppressed politically by the power companies—they do not go into particulars—and offer the remarkable solution of getting the power industry out of politics by turning it over to our politically managed governments.

Still others have no interest at all in the actual power question. They are agitating government operation as a step toward the nationalization of all industry—in

other words as a step towards state socialism, or communism, according to the nature of their social creeds.

Some believe that government operation reduces the living costs of power consumers, either by lower taxes or by lower power rates. We have the experience of approximately 2000 municipalities which have tried government operation. These publicly operated plants produced about 5 per cent. of our power two years ago, but the percentage is falling off. New ventures in municipal operation frequently appear, but cities returning to private operation far exceed them in number.

Exactly what these experiments have cost the power consumer is difficult to ascertain. Municipal plants make no reports to power commissions. The local taxing power is generally called upon to hide any financial mismanagement due to politics, so that even an expert accountant is often at a loss to understand municipal power finances. Certain communities claim to have lowered or abolished local taxes through municipal operation without affecting the consumers' bills. Generally this has proved to be merely fallacious bookkeeping. Where municipal management is as high technically as that of private management, the municipal plants generally hold their own in comparison of rates. The trouble is that the national pastime of party politics continually threatens efficient management. An administration elected on a police issue is prone to reward its patriots with power jobs, and party loyalty is a poor substitute for an engineering training.

The largest, consequently the most controversial, North American experiment in government operation today is the Ontario Hydro-Electric development, which under a commission of the Ontario government operates the vast water power resources of the Canadian Niagara Falls. The commission maintains its voting popularity by giving to the domestic power-users rates based on exemption from all taxes, and then balancing the deficit by making industrial users pay additionally.

On the American side of the Niagara River is the Niagara Power and Light Company, a private corporation which cannot exempt its domestic users from taxation, and hence does not have to penalize the industrial rates. This situation has been the subject of windy argument enough to furnish the state of Kansas with its summer cyclones for the next twenty years. President Carlisle of the American company made the unequivocal statement before the New York Commission on Revision of the Public Service Law that, given equal tax advantages with the Ontario Hydro Company, he could and would furnish power to New York consumers at least 10 per cent. cheaper than Canadian rates. But taxes would have to be paid in some other way. No one knows just how much Ontario Hydro power is costing.

The only example we have of federal efficiency in power operation is that of Muscle Shoals, a plant which after twelve years of exertion—mostly in Congress, not in Alabama—the Government cannot operate for sufficient returns to pay for the original site, and that site was given the Government for one dollar.*

Instructive as it is, the Muscle Shoals farce does not tell us all that we may expect when we intrust important business and technical problems to the mercy of purely political solutions. There is the New River case. The New River is a shallow, rocky stream that tumbles through a series of impassable rapids in southwestern

Virginia and southern West Virginia. On this stream, in 1926, the Appalachian Electric Power Company devised elaborate plans for increasing the power generating facilities long established there. Those plans had received the sanction of the states involved and of Congress, when the Federal Power Commission intervened on the ground that the New River was subject to federal authority as part of a navigable system.

The company protested, whereupon the Chief of Engineers of the United States Army investigated and reported that the New River was not navigable, and that the Appalachian project could scarcely be so operated as to affect navigation. The commission asked for a reinvestigation, on the ground that the power plant might interfere with the navigation on the Kanawah River, into which the New River flows. The Chief of Engineers reported that exceptionally dry seasons may occasionally occur, during which the project might be so operated as to interfere with navigation on the Kanawha. On that slender basis for jurisdiction, the commission proceeded to tie up the whole project. Consider this as a classic example of the stealthy extension of bureaucratic power by interpretation of statutes. The Constitution gives Congress a certain supervision over navigable waterways, in the interest of interstate commerce. The Federal Power Commission turns this into an excuse for extending its supervision over a power plant on a river that is no more navigable than a mountain torrent. A vast project involving millions of dollars, employment of thousands of persons, and the extension of power comforts to a whole region, has been tied up in the federal courts since 1926.

THUS ALL WE KNOW as to government operation in the power industry is against the possibility of its improving, or even maintaining, the public's interests in power operation. It does not offer more abundance of power to the consumer. It offers nothing better in the way of facilities. Any cool study of the arguments for government operation of the power industry reveals it as a device for extending governmental power. The politician's system of vote-corralling through hysteria is back of some of it. Fanatical fear of "big business" is back of more. Plain office-holders' itch for more authority is behind still more. Welding all these greeds, fears and power-lusts into a wedge to shatter the social fabric for their own purposes, stand the advocates of socialized industry, trying to advance their cause by trickery, since argument has failed.

It is not the institution, but the human lust for power, that makes governments potentially oppressive. We endure the clumsy safeguards of democracy in government as part of the price which we pay for freedom. But there is no need for paying such a price in the business life of our nation. To let the American people have the full advantage of all the marvels of invention, of achievement in distribution, of advance in the arts and sciences, requires a quickness of decision and a flexibility of operation that can only be obtained by giving great administrative powers to the men who direct our industries.

In the management of the American power industry, as it is today, we have the nearest solution that civilization has ever approached to the problems of natural monopoly—a great public utility, developed by private initiative, and by commission regulation operated *perforce* for the benefit of the whole people, with the likelihood of oppressive influence reduced to a minimum. Why change it for the political dangers and the material hazards of government operation?

*Not entirely correct. The Alabama Power Company offered the site free as an act of patriotism. The Government paid one dollar to regularize the transfer. Later the power company reproduced the check in some literature which it was distributing, to inspire Southern citizens to similar gifts, whereupon the Government fined the company \$500 for reproducing a public document without official sanction. So the Government made \$499 on Muscle Shoals.—E. M. B.

Britain's Democracy on Trial

IMPRESSIONS OF A EUROPE THAT PLEADS FOR PEACE, BUT PREPARES FOR WAR

By S. PARKES CADMAN

NO OBSERVER of Great Britain at close range, in recent weeks, escapes the consciousness that her democracy is on trial. Beneath the fluctuations and distresses of her manufacture and trade lies the far more pregnant factor of her national character and capacity. If she should falter, who shall stand secure? No land and no government have meant more to civilization since imperial Rome's palmiest period. Yet beyond question Great Britain now faces monumental difficulties, and carries burdens more gigantic than any adverse conditions bearing down on North America. And the crisis she must surmount affects every nation on the globe.

Much of my time in England, late in the summer, was spent in the cloistral calm and loveliness of the colleges of Cambridge. Even there one could easily detect the stress and strain of a mighty state on the defensive. Its demands brought the King from Balmoral to London to confer with his ministers. They smashed a Laborite administration that had been in office two years, in twenty-four hours. They precipitated the formation of the present National administration. It is not exaggeration to say that the British nation awoke one beclouded morning to find its hitherto matchless credit jeopardized. Foreign visitors to England sadly wondered if the people they had been accustomed to emulate were about to succumb to internal weakness and external distrust. Great Britain had been known as a nation whose word was its bond, whose money was "sterling," whose banks were the arterial channels of the world's commercial existence. To fall from this eminence to the depth of having to borrow to prop up the British treasury itself was an experience as unpalatable as it was unprecedented.

One was anxious to watch the behavior of the British under this unparalleled blow. The Prime Minister set the pace, the Chancellor of the Exchequer supported him. They deliberately severed party ties of unusual tenacity in order that they might shelter the nation from the economic blizzard which has been raging through the world for more than two years. It had already driven many countries off the gold standard. After careful consideration the new Administration not only took steps to balance the Budget; it also decided temporarily to suspend the gold standard.

The chief reaction I noted in the nation itself was its amazing lack of disturbance. Parliamentarians may rage and dethroned politicians imagine a vain thing, but the masses pursued the even tenor of their way. Business and pleasure proceeded as usual.

It is this imperviousness to good or evil fortune which puzzles the continentals. A German author declares that the English are "irrational," their methods of policy "vague and unsystematic"; their administration "careless and non-bureaucratic." "How then could such a nation as this," he asks, "conceive and carry into effect long planned and coldly calculated schemes?" The answer is in that underlying fortitude which also partly explains the Briton's surface indifference. He is so sure of himself that he neither hastes nor rests. The precise logic of his French neighbors is distasteful to him. Whatever his lot, he proposes to stand in it to the end of his day.

One could feel the stiffening of the people at large beneath an unexpected emergency. Other nations may surmise disaster, and their enterprising newspaper cor-



BRITONS STAND shoulder to shoulder in times of crisis. This election scene shows the young Lord Burghley—a famous track athlete—calling upon voters among the working people in Peterborough.

NATIONAL INTEGRITY is the keynote in Britain today. Campaign methods there differ from ours. Here are messenger boys from the Conservative offices parading near Parliament before the recent general election. The posters carry the latest Conservative propaganda.

© Keystone



respondents cable the news that Britain's sun is setting. But the Briton does not know it. Defeatism is not in his blood. His poise, steadiness and endurance when at bay have neither doubt nor fear to plague the heart. The fact is that Great Britain will maintain her honor and independence, come what may. The younger Pitt said in the heat of the Napoleonic struggle that his country had saved herself by her efforts and Europe by her example. One is inclined, after somewhat extensive observation, to believe that what she has done she will do again. Nor should it be forgotten that a democracy which produces not only a few choice demagogues, but patriotic leaders of the quality of Mr. MacDonald and Mr. Baldwin, and concise reasoners such as Mr. Snowden, largely justifies its existence. It is safe to assert that British democracy will quickly dismiss any political party which tampers with the national integrity.

One must acknowledge that nationalism is rampant throughout Europe. It curses much and blesses much, according to its applications. Yet in these crucial times it prevents despair. The Hungarian farmer, the Austrian artisan, and the Bulgarian peasant are at their wits' end for the ways and means of ordinary existence. But they are as passionately national as they can be, and the patriotic temper is resurgent everywhere. Plainly it must be humanized, since it can never be exterminated.

The vast majority of these people dread war, but they loathe those who would mutilate their country's ideals and aspirations, and they will undertake the futile ferocities of armed conflict rather than allow their self-development to be thwarted permanently.

THIS IS EUROPE as I visualized it for myself or through the medium of competent authorities. It pleads for peace while it prepares for war. Since none prepares for what none expects, the conclusion is obvious. Jealousy and suspicion have hindered the praiseworthy efforts of statesmen to avert strife and engender good will. Those sentiments are obstinate. They account for the colossal military expenditures which have partly paralyzed industry and depleted national funds to the verge of bankruptcy.

Another impression I derived was that the League of Nations, the World Court, the Locarno Treaties, the Pact of Paris, and any other available organizations and covenants which may serve to make war more hazardous, are absolute requirements in the present imbroglio. Whatever Americans may think of them, they are solitary ramparts against wholesale devastation.

Moreover, the fires that smoulder along the Rhine frontier or in the near and farther East are kept alive by Russia's inexplicable attitude. The bare mention of Sovietism projects a shadow across Germany and Poland. Though Russia stands apart as the Ishmaelite of the nations, her emissaries are abroad and busy. They gain a hearing among the hopeless and the downtrodden. Behind the veil which hides her from American eyes she commandeers the bodies and souls of her people in behalf of a radical economic policy. It is for her far more than a policy; nothing less than a religion aglow with zeal and propagated with a strange blend of sagacity and recklessness. Should the Western bankers and merchants believe it is best to resume feasible commercial relations with Russia, and by so doing pool her vast resources and requirements with the world's trade, they have my best wishes for their success.

But can any prophet predict what Russia's response will be? Certainly she challenges the capitalistic system. And were her ethics what they are not, she would be far more formidable than she is.

The stability of Germany is almost more vital for the world's welfare than Russia's reconciliation. The principles of action which have hitherto kept the German people in the family of nations are commendable. But they have not been given a fair chance. I witnessed at a conference in Cambridge their resentment of the false accusation that they and they alone were guilty of the World War. They also justly complain that the contracting Powers have violated the Treaty of Versailles by refusing to disarm. It is timely to transmit these sentiments to American citizens.

On the other hand, France is bound to enforce the Versailles Treaty if she can. For her and her allies it is the public law of Europe and of many lands besides. To maintain it as written she has enlisted a large army, drawn upon Northern Africa for its human material, and is constructing colossal defenses on her eastern frontier. I met no man among the learned and brilliant internationalists who could tell me what the outcome of this situation would be. *Nil desperandum* is its working motto when judged from without. Yet one remembers that human good has often taken oblique courses. If this should happen now, and the financial disabilities of the nations compel them to disarm, those disabilities may yet save civilization.

Three of the six weeks I spent in England were devoted to conferences embracing a universal constituency. I have submitted above the impressions

gained there, and offer no apology for my temerity in doing so. The people met and the contacts made brought the world itself before one's eyes with fresh focus, and enlarged one's viewpoints upon issues of paramount importance to Americans.

The official delegates to these conferences represented at least three hundred million Christians, and embraced every historic church except that of our Roman Catholic brethren. The first of these gatherings was convened at High Leigh, a handsome mansion bequeathed by its former owners for conferential purposes and situated thirty miles out of London. It was composed of the Continuation Committee of the well known Lausanne Conference of 1928, which owed much of its origin and direction to the late Bishop Charles H. Brent, one of the bright particular stars of the Anglican episcopacy in North America.

The presiding officer, Archbishop Temple of York, is a true prince of the church, a philosopher, theologian and preacher of conspicuous gifts and rare distinction. The subjects discussed involved the Faith and Order of the many Communion represented. The objective of the discussions was to ascertain their points of difference and of agreement in faith and doctrine. Candor, urbanity, and good feeling characterized their intercourse. It was evident throughout that church doctors are strongest in what they affirm and weakest in what they deny. But notwithstanding decisively diverse views the relations established anew at High Leigh clarified not a few misunderstandings, and cleared the ground for a further examination of thorny issues.

THE SECOND conference was held at Ridley Hall, Cambridge University. The Bishop of Winchester, whose breadth of knowledge makes him an ideal leader in the Stockholm Movement, was in the chair. The death of Archbishop Söderblom of Upsala deprived this conference of one of its most attractive personalities; a scholar and an administrator whose ubiquitous gifts entitled him to the confidence and respect of his brethren of every European nation, and of the churches of the world. Notwithstanding the loss of such outstanding figures as Bishop Brent and Archbishop Söderblom, their spirit animated those who remained. The Universal Christian Council of Life and Work has already made a creditable record. Its offices at Geneva are manned by competent secretaries who, with the oversight of Dr. Keller and our own Dr. Atkinson, have introduced a cooperative service eagerly welcomed in Eastern Europe and operative throughout the regions covered by constituent churches.

The third conference was housed in Trinity College, Cambridge. It consisted of delegates of the Church Peace Union from many lands, including those of the Near East, India, and China. Dr. William P. Merrill of the American section voiced the convictions of the delegates in a masterly speech which expressed what one may term the high central mind of this republic.

It is scarcely possible to overstate the beneficial meanings of these three really great assemblies for the moral and religious thought and action of the nations as a whole. The growing international comity revealed by various political compacts and treaties owes more than is generally supposed to the Stockholm and Lausanne Conferences and their subsequent continuation committees. Such deliberative bodies, removed from factional disturbance, and intent on concerted policies of justice and good will, are as significant for their personnel as their programs.

The youth of Europe and America was also present in

force, and its student delegates made themselves felt. The conclusions tentatively or finally reached were, that predominant forms of Christian fellowship are entirely too isolated for efficiency; that provincialism and prejudice account for the worst failures of institutional religion to control society in behalf of the kingdom of justice and brotherhood; that the nationalization of Christianity has thwarted the Christianizing of the nations, and that the Gospel of Jesus Christ cannot be the binding force for world security and civilization until its responsible agents have set their houses in order.

The supranational genius of the New Testament faith has been obscured and in some instances nearly obliterated by doctrinal and sectarian claims and counter claims. To be sure, that genius and its vital meanings have been theoretically accepted by all Christian disciples. But their ageless practices have consistently contradicted a merely theoretical acceptance. Hence, while the traditional churches have stressed oneness and the reformed churches have stressed freedom, in the confusion that followed both oneness and freedom have been sorely impaired.

It was further evident that the conferences are highly resolved to give concrete expression to applied rather than academic religion. The members, irrespective of their several affiliations, realized that ethical rather than intellectual emphasis of the demands of Christianity is the prime requirement. The problems created by the complex social and industrial phenomena of post-war Europe and America demonstrate that a purely nationalistic religion is much more impotent than a purely nationalistic political or financial program. These irrefutable reasons have bred in Christians everywhere the resolution assiduously to cultivate a more correct appraisal of their brethren in all branches of the Church.

Her hecklers might profitably reflect that the turn of the tide toward Christian solidarity has begun. No matter how long and tedious the reintegration of its spiritual forces may seem, nor what casual recessions may occur, there will be no retreat. A spontaneous impulse toward unity is manifest in many quarters, and is sustained by the terrific pressure of outward circumstances. The strata of the globe were no more inevitably joined together by its weight than the Christian denominations are being conjoined by the dictation of world events.

Yet it is not probable that historic cleavages embittered by repeated conflicts can be speedily healed. Countless anomalies and divisions have flourished unchecked behind creedal barriers which are doomed to go down like a bowed wall and a tottering fence. Our age inherits evils and antagonisms which time has intensified and time must help to ameliorate. Short cuts to artificial union transgress its basic principles of mutual forbearance and patient effort. Believers will not require edicts of oneness; still less will they be coerced into it, or consigned to a dead uniformity which strangles progress and conceals fresh murmurings.

In this relation I may mention the South India Scheme, the United Church of Canada, the gathering together of the various groups of British Methodism, the ripening overtures between the Greek Orthodox and Anglican Churches, and also between several Protestant Communion at home and abroad which synchronize in faith and practice. These are enough to show the resistless drift which does not cry nor strive, nor cause itself to be heard of men. Yet it has already swept away obstacles formerly deemed insuperable, and cleared the path which future generations will tread.

The Test in Manchuria

What lies behind this most serious threat of war in a decade?

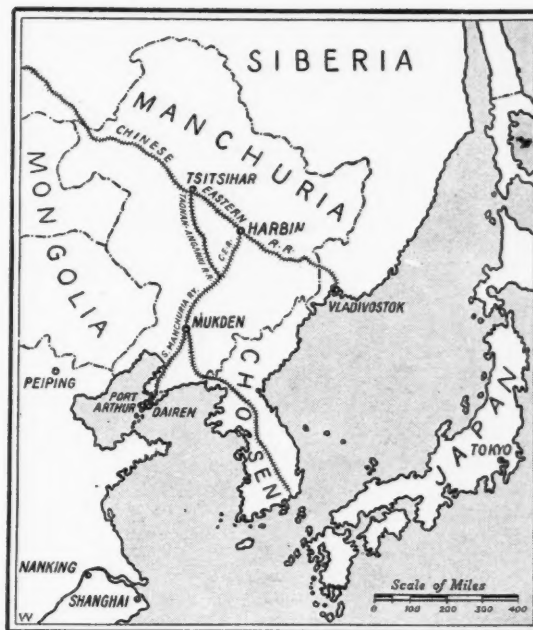
IT IS HALF past ten at night. On the dusty plain beside the South Manchuria Railway tracks near Mukden, Lieutenant Karumata of the Imperial Japanese Army is on patrol with six soldiers. Suddenly a blinding explosion roars through the night. The sharp eyes of the lieutenant see two Chinese soldiers from the nearby barracks, scurrying from the scene of the explosion. The blast has wrecked the railroad's right of way. Lieutenant Karumata hurries a man to company headquarters to spread the alarm. The others he orders to fire at the fugitives, who are brought down.

This is the now famous incident of September 18, 1931—according to the Japanese version. Chinese in Mukden deny all knowledge of the explosion, and assert that the Japanese engineered it themselves to provide an excuse for occupying Manchuria. American and other foreign residents incline to the Chinese view, pointing to the clock-like precision with which Japanese reinforcements arrived. Before dawn they had occupied the Chinese barracks near the explosion, and all Mukden. Japanese troop trains started in from nearby Chosen (Korea) with guns, horses, ammunition, and complete supplies almost before they could have heard that the railway track had been blown up. And before noon 12,000 Japanese soldiers had occupied most of the southern strategic cities on the Chinese railways.

Manchuria is nominally a part of China, but its rich valleys have long attracted Russia, under both Czars and Bolsheviks, and Japan. It covers 363,610 square miles, and is thus half as large again as Texas, or nearly six times as large as all New England. Its population was estimated in 1927 to be from 24,500,000 to 27,500,000. Nine-tenths of the inhabitants are Chinese, with only 1,000,000 Japanese and a smaller number of Russians.

Originally Manchuria was the home of the Manchus, the warlike alien race which conquered China and ruled it from 1644 to 1911, when the Republic was set up. Gradually it became identified with China proper, and now it is nominally an integral part of the nation. In recent years a horde of Chinese farmer peasants, fleeing famine and civil war, settled on its empty fields. More than 40,000 a week migrated thus in the summer of 1928. The Japanese, by contrast, are chiefly in the towns, in the southern treaty ports of Port Arthur and Dairen, and in the South Manchuria Railway zone. They are merchants, business men, administrators. Such, too, are the Russians, found in the towns along the Chinese Eastern Railway to the north.

Russian and Japanese infiltration began in the last years of the nineteenth century. In those freer days even the most respectable of the great powers grasped for spheres of influence in moribund China. To Russia, Manchuria seemed the eastern bulwark of her empire, the far end of the mighty trans-Siberian railway. Rising Japan awoke to an even more active interest, seeking an outlet for a population already crowded, and seeking also raw materials and food. Industrialization at home



absorbed most of the excess Japanese population, but that made Manchuria's food and raw materials all the more necessary.

In short, a long series of intrigues, disputes, applications of pressure, and armed clashes, beginning with the Sino-Japanese war of 1894-95, led to the present jumbled situation. Russian interests center about the Chinese Eastern Railway, under Sino-Russian control, and Japanese interests about the treaty ports and the South Manchuria Railway. But before the present Japanese occupation, Manchuria itself was under political control of the war-lord Chang Hsue-liang, who identified himself with the Nationalist government of Nanking and aroused the antagonism of Japan.

Japan argues that China has not respected Japanese treaty rights in Manchuria (omitting to recall how she came by those rights), and that bandits make her nationals in Manchuria unsafe. Accordingly she has occupied the territory along the railroads she controls—the South Manchuria and its important tributary, the Taonan-Anganchi. Broadly speaking, Japan's interest in Manchuria resembles our interest in the Caribbean.

China argues that Japan got into Manchuria by helping herself in the old freebooting days. Now, the Chinese complaint runs, Japan has embarked on an old-fashioned, nineteenth-century, military aggression.

At this distance it is impossible to decide between them. Reports are filled with rumors, charges, and counter charges. Far more clear is the fact that the League of Nations, with which we are cautiously associated, sees in Manchuria a vital issue. This issue is not whether the League can force Japan to give up this right or that right. The League wants Japan to give up no rights. It simply says that Japan must maintain its rights by peaceful means, and not at the pistol's point. Thus the issue is not between Japan and China, nor between the League and Japan. It is between peace and war. The political success of one side or the other hardly matters. Peace does.—H. B.

A Pair that Beats Three of a Kind

By
CHARLES H. SHERRILL

AT THE BASE of today's worldwide unrest—commercial, banking and political—three causes operate to prevent the return of normalcy. In nuisance value, they are three of a kind: (a) possibility of war due to Franco-German misunderstanding; (b) unemployment everywhere; and (c) continued and increasing Russian dumping of exports produced by forced-labor conditions.

But there are two highly placed officials who, if they can consolidate an understanding upon certain moot points that will satisfy public opinion in both their countries, will then be seen to have bested that three of a kind which has caused and continues to cause panicky unrest everywhere. That possibly potent pair (but only if they are paired!) are Prime Minister Laval of France and Chancellor Bruening of Germany. They are both unique men, and today occupy key positions in world strategy.

The world believes that those two statesmen have devised a workable plan of political and business co-operation between the French and the German peoples. Indeed, if some such plan had not been worked out in advance by the respective Foreign Offices headed by the veteran Briand and Dr. Curtius, the Berlin meeting would surely not have taken place. Critics may object that the agreed plan as published only concerns new business cartels—well, the business world needs its nerves soothed, and who was it said that the most important nerve of all ran from the heart to the pocket?

It is not for us outsiders of other nations to assume that the French and German negotiators considered the solving, at one time, of all three problems underlying world unrest. Their business was primarily with only one—the danger of another World War growing out of Franco-German distrust. With this solved, all the other Powers could and would get together to check unemployment. And out of that combined effort could arise what Clemenceau called a *cordon sanitaire* against Russian dumping.

A *cordon sanitaire* once upon a time worked effectively against cholera coming out of Russia, so why not against forced-labor exports from the same land? Nothing but a widely international *cordon sanitaire* will solve that third world problem, because only thus can the adroitly indirect deviltry of Russian dumping be understood and thwarted. Why do we say indirect? Listen. In 1929 our farmers enjoyed a splendid grain market in Great Britain. In 1930 four-fifths of our market there disappeared, thanks to underselling by Soviets of their conscript-harvested grain. By this cunning indirection,



au général Sherrill au moment de sa visite.

le 21 août 1931

Laval

"TO GENERAL SHERRILL in remembrance of his visit. August 21, 1931. Pierre Laval," reads the autograph inscription on this photograph.

by dumping grain against us abroad but not upon us at home, the Soviets cut our farmers' throats as effectively in Great Britain as if directly done in our own markets.

Do I suppose that Messrs. Laval and Bruening seriously attacked this Russian dumping evil? No, but if they have laid the ghost of world war by lessening Franco-German tension, then they have made possible international coöperation against unemployment.

Perhaps Russia, finding the war danger gone and the Powers joining to abate unemployment, leaving her without the pale, would conclude that, after all, the world cannot exist "half slave, half free," and offer to abolish conscript labor and dumping. Who knows? Or suppose the tension between Russians and Japanese along their Siberian frontier bred war, could Russia's dumping go on? Or put it this way: in the event of such a conflict, could Russia afford to continue antagonizing all Europe plus America by dumping, and go on fighting Japan at the same time? There might even be farmers in Kansas or Argentina or Hungary who would consider such a war a blessing, and the Japanese as international benefactors!

Laval and Bruening enjoy wide public confidence, each outside his own country. That is surely unusual

Two Premiers Versus War, Unemployment, and Russia

for statesmen today. Let me take you to call upon them, each in his own office, with his own appropriate national background, official as well as physical. And first we shall enter the French Ministry of the Interior where M. Laval both resides and does business. It is a handsome and commodious edifice, of the sort Parisians call "entre cour et jardin," because it sets back from the street behind an entrance court of its own, and has a private garden at the back.

My interview with Prime Minister Laval was the result of an afternoon spent with my old friend Maurice Bunau Varilla, owner of the important daily *Le Matin*, at his chateau near Paris. Soon thereafter came a telephone from him, asking me to present myself at the Ministry of Interior the next morning at nine. I did so, and was promptly received by Monsieur Laval. He is a man of medium height, with powerful neck and shoulders and a face that is markedly thoughtful, almost brooding in repose, but lighting up sharply when making a point in his talk. He wore a plain business suit, and of course the white four-in-hand tie for which he has become known—his only idiosyncrasy of dress or manner.

One hears that, during the strenuous fortnight of conferences in Paris following Mr. Hoover's June 20 proposition for a year's holiday of international war payments, and later during the London conference, his un-Latin way of keeping silence unless he had something to propose was more and more remarked by his Anglo-Saxon collaborators. Because he had nothing to propose to me, he said little until I spoke of the warm praise given him by both Secretary Mellon and Ambassador Edge for his loyal defence in the French Senate of America's good faith in Mr. Hoover's proposition and our two officials' presentation of it. Then his face brightened, and his comments on those two Americans were very gratifying to their admiring compatriot. He showed himself a strong believer in the efficacy of personal contacts between men of authority in different countries, but only if they deserved and had first secured the confidence of their fellow negotiators. Upon that point he was very definite. Then he spoke frankly—almost bluntly—of his desire and intention to achieve better relations between his people and the Germans, but always within certain reasonable limits necessitated by the differing governmental systems. He maintains that each negotiator must have his people solidly behind him at every step of the negotiations.

Best of all, Laval begins by trying to understand what the other man needs to satisfy his people "back home." That was the reason for Briand's success with foreigners, and Laval possesses that trait quite as much as does his associate, the veteran Minister for Foreign Affairs. It became quite clear that Laval would go as far and as fast in his direct negotiations with the Germans as due regard for French public opinion would permit, but no farther or faster. That is why he is so strong with his own people. They are extremely logical and, for all their quickness of wit, very steady in making up their minds—to all this Laval conforms, for he is a typical



*General Charles H. Sherrill
in friendly remembrance
Berlin 18. Sept. 1931
H. Bruening*

DR. BRUENING signed his picture "General Charles H. Sherrill, in friendly remembrance, Berlin, Sept. 18, 1931," on the occasion of the author's visit.

Frenchman. His upward progress in politics—steady, slow, and sure—affords a pretty good indication of the method by which he hopes to cooperate with the Germans in improving not only the relations between the two nations but also, by removing danger of war between them, to broaden the base upon which international commerce, reassured, may recommence its wide operations.

Learning that I was to leave the next day for Italy, Monsieur Laval expressed the opinion that a policy of sulks (he said "boulder") with that neighbor was unwise. He spoke warmly of Mussolini's services to his own people, and especially of his services to his next-door neighbors by suppressing communism in Italy, because if it established itself in Italy it would have spread across the borders. Here again (speaking of Italy as he had of Germany) he showed a keen appreciation of what "the other fellow" needed because of political conditions at home, and furthermore seemed disposed in all fairness to meet those necessities. He acknowledges the demands of political exigency in other countries; unless those demands be taken into account by foreigners, the negotiator of today will fall tomorrow, and then all must be begun over again, with a new man at the head of the foreign government. An American who knows nothing of French public life but what he hears during an excited debate in the Chamber of Deputies, would find it surprising to learn of the uncanny steadiness of its undertone, as revealed by an unhurried talk with Monsieur Laval, who could not be more greatly complimented than to be called a

typical French statesman. Quick at the uptake—yes, certainly—but as steady and sure in judgment as the shrewdest Down East Yankee.

Decidedly, here is a man as unusual in his mature serenity as when, in his youth, he showed himself unusual by borrowing Latin books from his customers when he drove a delivery wagon. There you have it—a combination of the student and business man. It is no wonder he enjoys the complete confidence of so well educated and so industrious a nation as the French.

It is character-revealing that when the door of Chancellor Bruening's room in the new chancellery at 77 Wilhelmstrasse is opened and you enter, he comes frankly forward from behind his desk to meet you. His quiet but cordial greeting, the steady gaze in his alert eyes, the level pitch of voice, all indicate a man accustomed to go forward calmly to meet his problems. He is evidently prompt and steady in decision. You have been told that his early ambition was to be a college professor and to that end he studied at London and Bonn universities, but that he became interested in conservative politics and began usefully as secretary to a Roman Catholic parliamentary group. But he shows no trace of either. As the conversation develops you learn that he has never suffered from the handicap endured by professors and clergymen alike—of nobody answering back when they speak. Politics is not like that! Nor does he display that aggressiveness that so successful a political manager as he might be credited with requiring. Of course he has complete poise of manner—you always hear that of him, but equally complete is his poise of thought. He, like Mussolini, served in the trenches in the late war.

At first it seems incongruous that he should be receiving you in so modern—perhaps ultra-modern—a room in this newly finished building on the Wilhelmstrasse. But presently you will perceive how up to date are his shrewd political deductions, all so quietly delivered, with now and again a twinkling sense of humor that Cape Cod would appreciate. No, he may be as erudite as any of his distinguished predecessors in this great office, but that he is absolutely abreast of his and our times is beyond doubt.

His closely cropped head and smooth face at first reminded me of Monsignor Seipel, the eminent Austrian prelate-statesman. And had I not heard much of the austerity of Bruening's life, of his almost monastic habits? More than a few Germans told me that one of his holds on the people was that everyone knew he would prefer a monastic life to continuing to carry the heavy burden of responsibility that the world crisis plus local distresses had brought upon the Reich Chancellor at this time. But he shows nothing of this. He is not so churchly as Seipel. He has never worn the habit of an archbishop, physically or mentally—I don't believe it would suit him, and the further the talk proceeded the surer that became. His mouth is much more mobile than Seipel's and he shows it as he speaks; a great churchman would not. Bruening is forty-five, but he looks older.

Perhaps the fundamental modesty of the man is best described to Americans by repeating what he said of Mr. Mellon, our trusted Secretary of the Treasury. "When the London conference closed, I asked Mr. Mellon if he would kindly advise me, out of his great banking experience, what we Germans could do to help ourselves in the financial crisis whose details we had just been describing at our sessions. He told me that, after living through three serious panics, he had con-

cluded that the best way to safeguard banks in our position was to unite local banks into one common front, all to support each other; and then he added valuable detailed suggestions. When I reached home I called the bankers together, told them of Mr. Mellon's advice, and we then and there proceeded to put it into operation to the best of our ability. That is how our general acceptance bank came into existence."

I told him of my purpose of writing this article, and that led him to speak of Mr. Laval. Obviously he has gained great respect for the French statesman's ability and calm. He only feared that he does not fully realize the political difficulties—the home problems—of a German Chancellor at this time. The best he hopes for is a better feeling between the two peoples—that the French will not ask more politically than German politics today dare grant, and that commercially, some joint operations can be initiated obviously profitable to both sides! Especially was he insistent upon both sides profiting from their business relations, as he believes that juggled deals do more harm than good, particularly between governments.

He talked with surprising frankness upon local political problems, but it would be indiscreet to quote him thereon, except to say that he showed amazing fairness when speaking of such opposition leaders as Hitler. He refuses to believe that real patriotism is lacking in their extremist activities, but his fairness has a stiff backbone. One feels that he and Marshal von Hindenburg are not a pair to trifle with.

Nothing interested me more in that hour of conversation than certain details he gave me about the effect of Russian dumping upon German industry, especially in such fields as use unskilled labor. Two years ago the German lumber industry showed a profit of two hundred million marks, but last year a loss of fifty million. Moreover, a large combine of German lumber concerns in 1928 made an agreement (expiring this year) to deliver lumber abroad at prices now showing considerable losses, due to much cheaper Russian lumber flooding the market. He is fully as well informed on the perils of Russian dumping both to Germany and to the entire world as any chief of state, but his hoped-for solution of the problem is more his own business than ours.

What he told me of trading with Soviets by French-owned companies in Silesia and Czechoslovakia showed that French finance is aiding the Soviet régime by indirection more than would suit Mr. Coty, the able author of recent anti-Soviet articles in his Paris newspaper, the *Figaro*.

Twice an attendant entered to announce a new arrival in the waiting-room, but each time the Chancellor waved him away. His sentences are never long, but he deprecates their interruption.

An observing member of the American delegation at the July conference in London said to me of Bruening "you can't mistake the limpid honesty of the man," and that was exactly the impression I took away with me from our interview.

That night I dined quietly with a Berlin University friend in a modest restaurant, and on the wall facing me was a large oil painting of Bismarck, the Iron Chancellor, whom I have always admired. "My friend," said I to the picture, "both your country and mine have often been blessed with the right man arising to lead us when we needed him. Thus we had Lincoln and Roosevelt. Germany had you, and now she has just the man for your old post, shrewd and firm enough at home, and inspiring more confidence abroad than any living German."

France and Germany must make the next move toward solving the riddle of—

Reparations and War Debts

By THOMAS W. LAMONT

From the Saturday Review of Literature, October 31, 1931

HOW LONG will it take America to learn that a country cannot become overwhelmingly the creditor of the rest of the world and at the same time remain a high-tariff nation? The two terms are contradictory. American bankers and investors have about come to the point (although not all of them may yet realize it) where they will no longer feel safe in making loans abroad while their government continues to stick rigidly by a tariff policy that threatens to take away from the foreign borrowers the means for repayment of such loans. And it is obvious that one reason why the other nations of the earth have been building up fresh tariff walls is the conviction that, if so great a country as the United States of America feels it essential to erect increasingly high tariffs, then all the more is it necessary for these lesser and weaker nations to follow our noble example.

In its settlement with its foreign debtors the United States Government has already proved (except, in my judgment, in the case of Great Britain) a generous creditor. But the present situation is not one where generosity or niggardliness are the ruling factors. For in the long run, America will, acting justly, do what her economic needs require. Those will be the moving forces. They grind slowly but exceedingly fine. Is it conceivable that they will eventually bring us to the point of joining in some well-considered move for world tariff reduction?

Such an idea is probably too much to hope for. Yet it is so impossible to believe that the same American people who welcomed with such relief and acclaim President Hoover's debt-holiday plan and all its implications, would find themselves—somewhat to their surprise—welcoming all-around tariff reduction with equal good sense and determination? There would be no difficulty in avoiding wild and indiscriminate tariff slashes. And certainly ways could be found, with all due regard for our industries which long ago graduated from the infant class, to

reduce the height of our tariff barriers and at the same time, through encouraging greater imports in certain schedules, to increase our customs revenues.

It was fear that became the controlling element in the writing of the Versailles Treaty. The French people were, and still are, obsessed with the fear of another German military invasion. Danger of such attack may not exist. But the French think it does and thus to them it becomes real—so real as to be the guiding factor in all French foreign policy. André Maurois, in a recent paper on the attitude and psychology of the French people, brings out this phase very clearly. Whether reasonable or unreasonable, it is a fact that we all have to reckon with, America almost as much as the others, when the Disarmament Conference of next February draws nigh.

Just as France has this complex of fear of war, so Germany has a complex of conspiracy. The Germans feel that the French are conspiring to ruin them, to pull Germany apart, and to compel it to lose its power as an economic force. This complex accounts for the fact that the German authorities, when financial crises recently confronted them, turned not to their chief long-time creditor, France, but to Great Britain.

This may have been a natural, but it was not the most sensible course. Obviously the French are the people for the Germans to try to come to terms with, financially as well as politically. There are signs that the Germans are waking up to this fact. It is the most important single element in the whole of their foreign relations. It can well spell success or ruin for the German economy.

Germany continues to pound for a territorial revision of the Versailles Treaty. Now I am one of the last men in the world to believe that the Versailles Treaty is a testament of perfection. It has always contained certain thoroughly bad clauses. But it is in existence. It cannot be treated as a scrap of paper. It may be revised only through orderly processes.

There is no reason for believing, as many of the people in London and Washington have seemed to believe, that the French people will prove unreasonable on these matters. But certainly we must all take into account the passion which the French have for methodical, legal processes, and we should not become impatient when they insist upon following such methods. We know full well that political questions of prime importance to the whole Continent of Europe are waiting for solution, and when we speak of reparations alone we are aware that no completely final settlement can be reached without direct reference to these political problems which are involved.

As to Reparations . . . there must be some common ground of agreement that the German and the French people can and should



From Kladderadatsch (Berlin)
DIOGENES (Germany) to Alexander (Laval): "Get out of the sunlight."

eventually reach. Under the Young Plan the German government has the right to declare a moratorium upon the non-postponable reparations payments, and to ask the Bank for International Settlements to nominate a committee that presumably might suggest revision in the Plan.

But a moratorium already exists, and it might seem preferable that Germany should within the framework of the Young Plan, address its view direct to France. And the sooner the better. For there must be some figure of reparations payments that the Germans themselves should be moved to propose; a figure not so unreasonably small as to deserve the contempt of the creditor powers, not so large as to be beyond the assured capacity of the German people to pay. Dr. Schacht himself, in almost the first week of the Young Plan discussion in the winter of 1929, proposed an annual figure of approximately one thousand million marks, about one-half of the amount which was ultimately set. Perhaps something like that would be a correct figure—perhaps one much different. These are days when we must all be realists and must appraise the actualities of Germany's present situation, without being unduly prejudiced by attempts to assess the blame for it.

In the midst of the crisis through which Germany has been passing, no so-called expert can begin to name any figure. Only the Germans and the French can eventually reach that point. They

can do it, but only when they each bring themselves to the point of abandoning on either side those *idées fixes* of which I have spoken. If, in order to reach a settlement that will work, the leading nations of Europe require even more of coöperation from America than they have had, they should get it, assuming the reasonableness of their requirements.

Finally, however, neither Germany, France nor any other country should gain the idea that President Hoover, having undertaken with his one-year debt-holiday to meet an immediate emergency, is necessarily called upon to make the next move. This whole problem of international indebtedness is not now "up to" the American government. President Hoover has made a great and helpful gesture. The world will not soon forget his constructive measures. It now becomes the prime business of the European governments to undertake to settle the question of reparations, and that without American initiative.

I have ventured to indicate what might be an expedient and expeditious mode of procedure. But whether that, or some other, be the one to be adopted, the problem is primarily one of European concern. If, then, such adjustment as may be proposed by the European governments seems manifestly sensible and workable; and if such arrangement calls for a certain measure of revision of European governmental debts due Washington, the American government can cross that bridge when it comes to it.

Indeed such a solution is infinitely dangerous. It lulls us into a sense of security. We are led to believe that we have done something significant to make the future safe. The dynamite is still in the box, but we feel secure because we have painted out the danger sign on the cover.

Unfortunately, public opinion in this country at the present time, due to the lead given by President Hoover, seems to be unaware of the clash that is coming at Geneva over the divergence of these two approaches to disarmament. Our delegates are apparently going to the conference determined that political questions shall not under any circumstances be discussed.

It is to be purely a mathematical conference, a search for a precise arithmetical formula, a swapping of tons for tons and guns for guns. It is to be predominantly a land-disarmament affair in which our main rôle will be the part of a kindly, disinterested friend. We shall doubtless be prepared, as an amiable gesture, to cut off a few tons here and perhaps dispense with a few cruisers there. Possibly this example will influence the French to scale down their forces on the basis of some acceptable percentage; perhaps the Italians will fall into line. We are looking to economic depression to help in the argument.

But of political commitments there must be none that will bind us—no guaranties in regard to our future policy, no deviation from the doctrine laid down by President Hoover in his Armistice Day Address of 1930: "We believe that our contribution can best be made in these emergencies, when nations fail to keep their undertakings of pacific settlement of disputes, by our good offices and helpfulness free from any advance commitment or entanglement as to the character of our action." . . .

Let us make no mistake about the matter: political participation on our part in the collective organization of the world is absolutely essential if this disarmament conference, or its successor, is going to accomplish anything worth while. There is far more in the French argument for security than we in this country are inclined to believe. However exaggerated French fears of aggression may be, however unwise may seem the various steps that France has taken to protect herself against anticipated danger, the fact remains that no nation—whether it be France or Italy or England or the United States—is going to take this disarmament business very seriously until there is bred into the world a sense of international solidarity in the face of common peril.

Such a sense of solidarity can come only through organization, through definite commitments, through the creation of institutions to guard the public peace. To try to run the world on any other basis is as hopeless as would have been the task in 1787 of attempting to manage the thirteen colonies without a Supreme Court or a Congress.

If the American people are really in earnest about this matter of disarmament, if they sincerely desire a warless world, they must wake up to the fact that there is a price to be paid. And it is not a cheap price. It means active,

The Price of Disarmament

By RAYMOND B. FOSDICK

From *The World Tomorrow*, November

THERE ARE TWO suggested methods of achieving disarmament. One is gun-for-gun reduction, a mathematical scaling down of existing forces and equipment. The other is the creation of definite machinery for ordered peace, as a result of which armaments fall because the reasons that led to them have ceased to exist. The first method is dramatic, negative, and narrow. It leaves untouched basic suspicions between nations. It provides no technique for the settlement of disputes. It does not interest itself in the causes which lead nations to wage war. It proceeds on the questionable thesis that if you substitute pistols for rifles, or black-jacks for machine guns, men will not fight.

The second method is infinitely more difficult, far less dramatic, and promises no quick results. On the other hand it is sounder, more positive and more permanent. It looks to the future rather than to the present. It is concerned with concrete substitutes for war as a method of settling international difficulties. It seeks to lessen friction between countries, to ease tension, to probe the economic and social rivalries that tempt nations to warlike preparations. It believes

that men will stop fighting only when they are convinced that there are more effective methods of settling their disputes.

For that reason this second method concerns itself with a Court of International Justice. It builds a League of Nations. It creates a General Act for the Pacific Settlement of International Disputes. It develops an Optional Clause to further the work of the court. Its whole emphasis is on the creation of institutions that will represent the collective judgments of the whole world.

It is a pity that the United States should neglect the second and better method of disarmament and concentrate its attentions upon the first. . . .

I have no hope that the mechanical method of disarmament will stop war. If the causes of war are not removed, or at least minimized, and if in the meantime we develop no acceptable institutions to which resort can be had in time of friction, nations will fight with whatever weapons they have at hand. Under such circumstances to scale down from twelve-inch guns to eight-inch guns, or to impose a ten-per-cent. or a twenty-per-cent. cut in army personnel, is to dodge the very essence of the problem.

eager, official participation on our part in all the agencies that have thus far been set up, and that will be set up in the future, to promote international understanding and maintain peace. It means membership in the League of Nations; it means the World Court; it means the Optional Clause; it means the International Labor Office; it means the General Act. It means, too, imagination on our part in suggesting improvements in the existing machinery—a willingness to lead the way in the search for better and more effective international institutions. . . .

In brief, there is no quick and easy road to disarmament. It will not be accomplished by the legerdemain of any mathematical formula. In the long run, it will be the result, the slow result, of the patient building up of new international institutions and the development on the part of all nations of a new sense of human solidarity.

The Tory Parliament

From the Manchester Guardian Weekly, October 30

THE RESULT of the election of 1931 has no parallel in our political history. A Government majority of 500, a Conservative majority of more than 300 over all parties are greater than any Government or single party has known since the introduction of the democratic franchise. The majority of 370 for the Government in the reformed parliament of 1832 was a composite one, and the 356 of the great Liberal victory in 1906 included eighty-three Nationalist members and twenty-nine Labor men.

No British Government has ever before had behind it a force which comprised nine-tenths of the representation of the country. If one chooses to call it such, it is indeed a national majority. Certainly it was in the spirit of Mr. MacDonald's appeal for a national majority that, as Mr. Snowden puts it, "millions of men and women have voted for candidates with whose general political views they are not in agreement."

The Conservative vote has been solid; the Liberal vote has gone almost unitedly for the Government; at least 10 per cent., and in many places a great deal more, of the Labor poll of 1929 has turned against its party. More than anyone could have thought possible, party distinctions have been sunk for the sake of returning the candidates who protested most loudly that they were the true supporters of the national Government. If we could accept the premises on which the Government appealed to the country, and take at their face value the declarations of its leaders, we might accept it as a crowning mercy, a miraculous demonstration of national unity, and rejoice with Mr. Snowden at a "magnificent justification of democracy." So it

In the Month's Magazines

From October 13 to November 12

Excluding those quoted in adjoining columns

BUSINESS AND INDUSTRY

Bringing in the Sheaves, by Caroline A. Henderson. ATLANTIC MONTHLY, November. Pride in producing a record harvest is broken by prices that barely cover expenses.

The Plague of Professors to Regulation, by Herbert Corey. PUBLIC UTILITIES FORTNIGHTLY, October 29. The author objects to professors who try to have the railroads run according to their ideas.

Be Your Bank Roll, by Sam Hellman. SATURDAY EVENING POST, October 24. A humorous tale of how one woman's decision to end depression by spending as in normal times spread successfully.

Founding the Federation, by Charles F. Burgman. AMERICAN FEDERATIONIST, October. Labor fifty years ago in the United States.

Fifty Years of American Labor, by J. B. S. Hardman. THE NEW REPUBLIC, October 14. Looking back over fifty years, the writer finds the A. F. of L. to have been a capitalistic organization which accomplished little.

Guaranteed Time in the Stock Yards, by Harold H. Swift. SURVEY, November. Difficulties in stabilizing employment in the meat-packing industry, and the plan worked out by the Swift Co.

Energy for Sale, THE LAMP, October. The tremendous expansion of natural gas and its coöperation with other industries.

The Growth of American Monopolies, by Harry W. Laidler. CURRENT HISTORY, November. The last two decades in American industry have brought tremendous combinations contrasted with individual enterprises of the past.

The Federal Reserve System in a Nutshell. THE MAGAZINE OF WALL STREET, October 31. A clear explanation of how it works.

The New Era: Its Rise and Fall, by Matthew Josephson. THE NEW REPUBLIC, November 4. This first article in a series describes optimistic days before October, 1929.

Fresh Fruits Across the Seven Seas, by Earl Chapin May. JAPAN, November. Western fruit growers have found the Orient a rich market for fresh fruits.

A Twelve-Plank Platform for American Business, by Julius H. Barnes. NATION'S BUSINESS, November. Political and economic goals toward which business men should work in coming months.

Greed is the Witch, by Michael

O'Shaughnessy. THE COMMONWEAL, November 4. It is humanity's job to control avarice, the root of overproduction.

What Commission Regulation is Doing to the Motor Bus, by Donald C. Power. PUBLIC UTILITIES FORTNIGHTLY, October 29. An analysis of regulation of motor vehicles and common carriers in Ohio, with recommendations.

A North American Customs Union, by Alex Skelton. THE NATION, November 4. The author argues the great desirability of reciprocity between Canada and the United States in trade.

Opportunities for Technically Trained Men in the Wood Industries, by Wilson Compton. THE TECHNOLOGY REVIEW, November. Science is helping the lumber business to lessen its waste and loss of material, and to diversify and improve the uses of wood.

UNEMPLOYMENT AND PLANS

Unemployment Reserves, by Sidney Hillman. ATLANTIC MONTHLY, November. The president of the Amalgamated Clothing Workers favors unemployment insurance and a national economic council.

A Lesson in Unemployment Insurance, by Earl E. Muntz. THE SOUTH ATLANTIC QUARTERLY, October. A clear analysis of the British dole.

Our Cities Arm to War on Unemployment, by Ralph Bradford. NATION'S BUSINESS, November. More than 400 communities have mapped plans to meet the needs of the coming winter.

Too Many Breadlines, by Louis Adamic. THE COMMONWEAL, October 28. Orderly planning before winter could eliminate overlapping breadlines.

A Plan that Made a State a Team, by E. O. Whitman. NATION'S BUSINESS, November. Through the work of the Arizona Industrial Congress, established in the depression of 1921, hard times have been less severe in that state.

Pittsburgh Faces the Winter, by Frank R. Phillips. The PITTSBURGH RECORD, October-November. Pittsburgh will continue last winter's relief plan, with funds raised in a drive.

Planning and the World Paradox, by Mary Van Kleeck. SURVEY, November. Pros and Cons of economic planning as developed at a congress in Amsterdam, attended by Soviet economists.

Continued on page 73

may seem to them in the first flush of victory. It would be pleasant to share that view and to imagine that now the golden dreams are about to be realized and we are entering on an era when none (except a tiny handful) is for party and all are for the State.

Political consequences are not so easily disposed of. This is, Mr. Baldwin tells us, "no party victory." Unhappily we should be deluding ourselves to look on it in any such light. When Mr. MacDonald speaks of his majority as "embarrassing," and appeals for "forbearance as well as confidence," he is speaking to the Tory hosts with whom he is surrounded. He counts a dozen of his own Labor supporters; Sir Herbert Samuel counts something over thirty of his; another thirty Liberals are with Sir John Simon at one remove nearer the Conservatives. All told, they are outnumbered as one to six by Mr. Baldwin's followers. What chance have Labor and Liberalism inside the Government to prevail by mere subtlety of mind and courage of conviction against such odds? How can we speak of "national coöperation" under such one-sided conditions?

The new House of Commons will be a travesty of popular representation. Fifty or so Labor men and five Liberals will represent the opposition that even the most patriotic and well-meaning Government needs for the healthy working of the parliamentary system. And, with two or three notable exceptions, that opposition will be less gifted in the arts of government than any group of men who could readily have been chosen. The rejection of the leaders of the Labor party is a calamity for that reason if for no other. Even could we assume the impossible and think that the Liberal and Labor prisoners of hope in the Coalition can long survive the pressure of the reactionary Protectionists around them, we cannot ignore the immense psychological effects of this burlesque House of Commons. Well may Mr. Baldwin in his latest manifesto make haste to declare that faith in parliamentary institutions must not suffer. The decay of that faith

is the inevitable consequence of a Tory Parliament masquerading as the exponent of the popular will and the interpreter of a national mandate.

But the extraordinary collapse of the Labor party overshadows for the moment the extraordinary parliamentary situation. Labor has returned to a strength little greater than it boasted before the War, when it was still a subordinate branch of the Liberal party. Thanks to the inequity of our electoral system—which Mr. MacDonald was in no hurry to reform when he had the opportunity—Labor will be as under-represented in the new House as Liberalism was in the old. But the most acute advocate of proportional representation could hardly have foreseen the present result.

One weakness of Labor's past position is revealed sharply; its success depended to a large extent on the presence in the field of a third party weaker than itself. Once the third party, whether Liberal or Conservative, stood aside, Labor was beaten. A more important cause of the debacle was, of course, the swing away from Labor and the united attack upon it. Sir Herbert Samuel, in his interesting analysis of the forces working for Labor's downfall, attributes it to a revolt against the political domination of the trade unions, to the failure of the Socialist panacea, in which it only half believed, and to Labor's inability to redeem its lavish promises without precipitating financial disaster.

He may be right; Labor has probably reaped the harvest of two years of ineffectual government and the popular disillusionment on its capacity to govern with courage and decision. But it would be rather dangerous to explain the terrific sweep against Labor in such purely intellectual terms. But for Mr. MacDonald and Mr. Snowden, first through their appeal for faith in their integrity, and secondly through their envenomed campaign against their old colleagues as the architects of anarchy, there would probably have been no Tory victory. It is doubtful whether the results can be interpreted as the final destruction of Labor as it is at present organized.

countries and in Austria the standard of the press on the whole is a high one.

In France, on the other hand, there are few really independent papers, and the press as a whole, it must be said, is corrupt. The standard of the great provincial papers, of which the *Dépêche de Toulouse* is the most important, is, however, higher than that of the papers in Paris. There has been corruption in the French press as long as I have known France, but it is worse now than it has ever been before. It takes various forms, direct and indirect; it is the work of the French Government, of foreign governments, of bankers, financiers and great industrial interests; it affects both the newspapers and individual journalists. One reason why individual journalists in France are open to corruption is that they are paid abominably low salaries. That does not mean that all French journalists are corrupt; many are not, but there are also too many who are.

THERE IS a well known French journalist whose salary is only \$1500 a year, although his standing in England would bring him about \$10,000 a year. Asked how the French papers succeeded in paying such low salaries, this journalist replied: "It is very simple. The editor of an important paper knows that when he has given a man such a platform as that of his front page, the man would be a fool if he could not make money."

The foreign sources of corruption are much more numerous than they were before the War, when the largest subsidies to the French press came from Czarist Russia. Poincaré has himself admitted that when he was Prime Minister he distributed to the French papers the money supplied for that purpose by the Russian Government through Isvolski, the Russian Ambassador in Paris. Today subsidies pour in from Poland, Czechoslovakia, Yugoslavia, Rumania, Bulgaria, Hungary, Italy and perhaps also Germany and Austria, although there is no newspaper in Paris that shows signs of being under German or Austrian influence. The governments of the new European States, especially Poland and Czechoslovakia, spend enormous sums on propaganda and on bribing the press in foreign countries. . . .

The number of daily papers in Paris is unnecessarily large. There is first of all the *Temps*, which appears in the afternoon and which is the most important politically. It is the semi-official organ of the government, though only so far as foreign affairs are concerned, and its daily editorial on these matters expresses the views of the Quai d'Orsay. There are the great morning *journaux d'information*, as they are called—the *Petit Parisien*, *Matin*, *Journal* and *Petit Journal*—all of which have large circulations. These papers profess to be independent in politics and they do not regularly support any particular party, but they are all nationalist and they all express the opinions of the government on foreign affairs, although one or the other of them may be particularly semi-official at any given moment.

Of the papers taking a definite party line, the most important is the *Echo de*

Journalism in France

By ROBERT DELL

From Current History, November

THE CONDITION of the newspaper press in many European countries, and particularly in France, is far from satisfactory as a result of undoubted deterioration during the last quarter of a century or so. At the same time, the press has never had as much influence as now. The circulations of the popular newspapers would have seemed incredible at the beginning of the present century. It is therefore important that the press should be free, independent and honest, and above all, truthful and accurate in the presentation of news. The press exercises more influence

through the news columns than through editorial articles. Readers know what the political views of a newspaper are and discount, accordingly, the opinions expressed in its editorials, but they are at the mercy of its news, especially the news from other countries.

To mention only a few, such papers as the *London Times*, the *London Daily Telegraph* or the *Manchester Guardian* in England, and the *Frankfurter Zeitung*, the *Berliner Zeitung*, the *Koelnischer Zeitung* or the *Hamburger Fremdenblatt* in Germany still maintain a high standard. In Holland, in the Scandinavian

Paris, the morning organ of conservatism and nationalism. Its articles on foreign affairs are written by "Pertinax" (André Géraud), who is very nationalistic, but quite independent, and forms his own opinions. For that reason, and also on account of his talent, he is one of the most interesting writers on foreign affairs in the French press, although one has to differ from him fundamentally on most important points.

The *Figaro* and the *Ami du Peuple* (which has acquired a large circulation because it costs only ten centimes—less than half a cent) belong to M. Coty, the wealthy perfume manufacturer, who is violently nationalistic and reactionary. These papers advocate his personal policy, the motives of which are often quite obscure.

Then there are many so-called *journaux d'opinion*, the most important of which are the *Oeuvre*, which is more or less on the Left; the *Populaire*, which is the official organ of the Socialist party; the *République*, official organ of the Radical party; and *Humanité*, official organ of the Communists. Where foreign policy is concerned, the *Oeuvre* is a mouthpiece of Briand; the other three are independent of the government. So are the *Action Française*, organ of the Royalists, and the *Journal des Débats*, a respectable evening paper with strong conservative and nationalist opinions. The most popular evening paper is the *Intransigeant*, which has an enormous circulation; it, too, is conservative and nationalistic. . . .

Here we see one of the worst features of French political life; there is no real public opinion, and what takes its place is manufactured by a press tied to the government. This more than anything else makes France so dangerous a factor in European politics. It explains why French people nearly all think alike about international questions; why they are subject to periodical fits of hysteria about imaginary perils; why they are suspicious and jealous of nearly all other countries; why, although the majority of

them hate war and desire peace, they allow their government to be the chief obstacle in Europe to any genuine measure of disarmament and to pursue a policy of domination. The French people know only what their government and the press under its control allow them to know. Facts are suppressed or distorted; the actions of foreign governments are misrepresented. As a consequence of this system, nine out of ten Frenchmen sincerely believe that France is the only country that has reduced her armaments; that the other countries are conspiring to disarm her while remaining armed themselves; that those who disagree with French policy are enemies of peace, and that never in history has a conquered country been treated with such lenience and generosity as Germany has been by France, who, as a result, has met only with base ingratitude.

All this is the more deplorable since

the French press has many merits. The literary standard of the best French papers is still high and there still are many writers of great ability and knowledge whose articles carry weight. In France, as in other countries, the press deals with subjects other than politics, and it often deals with them very well. The lighter articles in particular are of high quality and superior to anything of the kind in the press of other countries. They are often light without being trivial, and as in the novels of Georges Courteline and some other French humorous writers, their apparent lightness often covers a serious purpose. Nothing in the press of any other country is like the daily article that R. de la Fouchardière contributes to the *Oeuvre*. He makes one laugh but he also makes one think. The irony and satire that he directs against militarism and every kind of humbug and delusion are more deadly weapons than solemn denunciation.

The Republican Police of Berlin

By HENRY DE KORAB

From *Le Matin*, Paris

CHIEF GRZESINSKI, of the Prussian Security Police, was the first calm and semi-optimistic man I met in Germany.

"You are not worried about the coming winter?" I asked, when he received me in his Alexanderplatz office.

"I fear nothing," he replied with assurance. "I have confidence in my men. There may be fighting, but the state will not be endangered."

"Could the Hitlerites or Communists defeat you with their well-armed forces?"

He laughed heartily. "The youngsters who play soldiers on Sundays do not worry me. I have enough of a force to crush any *putsch*. We don't have to fight the people. The masses are patient enough; and hired agitators are unable to stand up against well-drilled policemen who are loyal to duty. We give our men professional training, and also see that they are united in their devotion to the principles of democracy."

"Is the Prussian police a school for citizenship?"

"Yes, indeed. The police are trained and intelligent men. We recruit them so as to eliminate any disloyal elements. We have ceased to turn old soldiers into policemen, but seek a different type. Two-thirds of our patrolmen have Bachelors' degrees, and for seven years we give them instruction. You should meet them and talk to them."

Grzesinski had arranged this, and I had desired it heartily. I spent the morning with the policemen at headquarters in Berlin. I recognized from without the great buildings of the Weidendamm, but I did not expect so cordial a reception.

The former arrogance of the German police to civilians has gone completely. The orderly led me up three flights to the commander-in-chief's office; and everyone was most courteous even before they knew who I was.

We visited the lounge—two bright recreation rooms with portraits of President Ebert, Schiller, Beethoven, and Grzesinski himself. Twenty *Schupos* ("cops") were reading the papers, writing letters, drinking beer, and playing cards. "Good morning," said my guide. "This gentleman is a French journalist who comes to look over our organization, and who wants to hear our opinions." A serious youngster looked up at me. "What we think is this. The dirty Hitlerites and Reds are making an unfair war on us. They are cowards who shoot us in the back. We lose comrades every week. So you foreigners mustn't be surprised if we *Schupos* seem hard-boiled."

An echo of agreement ran round the room. "Let them try an attack. It's always a joy to fight them. There is nothing worse than underhanded sniping at uniformed men on duty. Would you care to see my room?" Others extended like invitations, for they were proud of the interior decorating they had achieved within the stern barracks. Every table held classical works—literature and history—fresh flowers, musical instruments. My guide showed me a motor squadron in the courtyard.

"The men here are at rest, but if there is an alarm they are in cars in two minutes. A central alarm releases fifteen thousand police from nineteen stations all over Berlin. We must be organized to meet more than ordinary crime. A keyboard directs the force to any point in danger. One push of a button



From *Kladderadatsch*, Berlin

A LOVING PAIR, Parliament and the Police.

releases either a partial or a wholesale alarm. Every section of the city has been studied strategically, and we have our plans. A riot might start in the Tiergarten, or the Alexanderplatz, or in two other places simultaneously. In five minutes a counter attack would be launched by the police. The enemies of the Republic had better stop their agitation. We can never be surprised."

Unemployment Insurance

An American Plan to Protect Workers and Avoid the Dole

By FRANCES PERKINS

From the Survey, November

MISS PERKINS, New York State industrial commissioner, spent six weeks recently investigating unemployment insurance in all parts of England. She found less evident misery in Britain today than she saw in 1913. In an article in the "Survey," from which the following extract is taken, she describes British accomplishments and failures, and suggests an American plan.

THE ENGLISH scene gives a muddled picture of unemployment insurance in action because British unemployment insurance has been almost smothered by the dole to the post-war unemployed. The dole, as has been frequently pointed out, is badly entangled with the unemployment insurance set-up, but it is not a part of it. British unemployment insurance is a three-way scheme, with contributions from the employer, the employee, and the state, under an act originally passed in 1911.

The dole, officially known as uncovenanted benefit or extended benefits, has been paid through the unemployment insurance machinery to people who have through prolonged unemployment lost their footing as participants in the insurance scheme, but no contributions warranting such payments from the insurance standpoint were put into the fund. The draft on the insurance fund for the dole, and the heavy tax on the national treasury to bolster the fund so that it would take care of a vast army of jobless persons for whom it had not been intended to provide, have produced the results which have done so much to discredit the British experiment in the eyes of American critics.

But there are valuable lessons for both England and America in this confusion in applying the insurance principle to a major unemployment emergency. England's experience is rich in positive suggestions as well as in warnings for further experiments with unemployment insurance in this country and abroad.

In viewing what has happened in England, one needs a lively sense of the realities of the situation. Granted that the confusion of unemployment insurance and the dole was a mistake, the dole itself was a choice between two evils. Millions of people have been without resources of their own in the troubled years following the War. Some demoralization

After my visit, I understood why the Hitlerites and Communists hate the Prussian Parliament and its Government. It is not so much the Prussian Premier, Otto Braun, that the radicals oppose as the able-bodied forces at his command. His police are unbeatable; and radical politics are directed against the police—whose very existence makes a social upheaval or a royal restoration impossible.

the whole burden of insurance. Continuing, Miss Perkins suggests this plan:

THE MAIN obstacles in the way of successful compulsory unemployment insurance in this country have often been indicated: first, the complication of competition between industries in different states and under different laws; second, the danger of politics entering into the legislative extension of benefits and into the administration of the law. This has been the chief cause of the present unsound position of the British scheme.

As a method of meeting these difficulties I should like to see a group of industrial states experiment with an Insurance Authority, modeled on the Port Authority of New York and New Jersey. Such an authority would have to be set up by treaty between the states and would be empowered to underwrite unemployment insurance in the states which created it. Actually, it would function as an insurance company and would administer one fund for the participating states, incidentally saving them the administrative overhead of carrying separate funds. The Authority, by its very nature, would be impersonal and remote from political influences in the separate states. A proportion of the members would probably be appointed by each governor, to serve fairly long terms, so the Authority would not change with each change of state administration. It would, of course, have to run itself on a business basis, just as does the Port Authority.

A logical group of states to initiate such an undertaking would be the seven industrial states, the governors of which were called into conference by Governor Roosevelt last winter to discuss problems of unemployment, including unemploy-

due to idleness was inevitable. Was this demoralization to be increased by hunger, or were the jobless to be enabled to buy food with money which, at the moment, they had not earned? It must not be forgotten that the demoralization of hunger and destitution is long drawn out—it goes even beyond the generation.

There was, of course, a third resource—the jobless could ask charity. In England, where poor relief is locally administered as it is in this country, this would have meant heavy demands for relief resulting in increased taxation in the depressed areas least able to bear such a burden. In the end, it could only have meant widespread destitution, for the coal towns, the textile communities, the Clydeside could not have continued to carry their unemployed without the assistance from the less affected areas which has been provided by the dole.

Through large-scale public relief, England has made it possible for her unemployed to go on buying stockings and coats and flour and blankets, even though they had no jobs. This has lifted some of the load from the wage-earner and his family. It has also lifted some of the load from British business and industry because it has helped keep the home market alive.

Employers who discussed the situation with Miss Perkins expressed regret that there should be a dole, but felt that England could not have done without it.

Among positive values unemployment insurance has given England is the knowledge of the facts. Economists and officials know how many unemployed must be cared for in the next few years, and can plan ahead. Lacking such data, Miss Perkins says that any plan tried in America is purely experimental. She does not believe that the benefit fund should be divided by industries, and she favors industry bearing



By Ding. © New York Tribune Corp.
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ment insurance. These seven states—New York, New Jersey, Pennsylvania, Connecticut, Massachusetts, Rhode Island and Ohio—have large industrial interests in common. They have already begun to explore together the possible remedies for unemployment which has been a growing problem in each of the seven states for some years. Two of them have had reassuring experience with a non-partisan body established by treaty to take over a set of problems and responsibilities which they share jointly.

I should like to see the legislative bodies of these seven states call on economic, social service and insurance experts to explore the possibilities of such a project as I have suggested, and to draw up a detailed plan for putting it into effect for an experimental period. An Insurance Authority, given wide powers, carefully safeguarded, would have all the advantages of corporate organization, but it would be a public body. At the same time, it would free the unemployment insurance administration of the region from the criticisms that would almost certainly attach to it in the hands of private carriers, or of state commissions which it is sometimes feared will become political in make-up or method.

When I urge unemployment insurance for this country, I do not suggest it as a cure for unemployment. Both European and American experience proves that there is no cure. Unemployment is a symptom, not a disease. Its elimination depends on our ability to define and deal with the economic maladjustments that produce it. Unemployment insurance is not even a safeguard for all the wage-earners of the political unit which inaugurates it. Properly conceived and administered, it covers only those relatively stable workers for whom payments can be made into the fund on an actuarial basis, and who are unemployed as the result of a dislocation sufficiently severe to lose them their jobs and to

keep them jobless over a fairly long waiting period.

It does not touch the situation of the unstable or unskilled worker who often shifts from job to job, nor the worker in a disorganized industry who is frequently on short time, nor the unemployable. It does hold out a measure of security for the average wage-earner and his family. Involuntary unemployment does not find them destitute, nor render them so, if they are covered by unemployment insurance. On the other hand, they lose no stimulus to prudence and thrift by being so covered, because unemployment benefits represent a sharp drop in the amount of the wage-earner's usual income. But to have a steady sum coming in, week by week—fifteen or twelve or even ten dollars—during such an emergency as American wage-earners are now facing, would mean an immense easing of the hardship and uncertainty. It would also make both public and private relief funds reach further, if they could be used to supplement insurance benefits, rather than to carry the families of all the unemployed.

As one way of lightening the burden and the misery of industrial hazards, before which the individual is helpless, I believe social insurance has proved its worth in workmen's compensation laws in this country, in similar laws and in experiments with unemployment insurance abroad. I am eager to see us in this country extend the principles of compulsory insurance to cover the unemployment hazard. And I believe that if we are willing to proceed carefully and experimentally, safeguarding our projects against the difficulties the English experience has defined for us, drawing our plans to conform to our social and political conditions, we can lift the fear and ease the suffering that come to American wage-earners and to their wives and children when industry slows up and wages stop because there are no jobs.

The Crisis in Real Estate

By ARTHUR C. HOLDEN

From Harper's, November

BROADLY SPEAKING, the present downward movement in real estate began in 1920 and 1921 in the great farming states, when the pressure for greater and greater agricultural production which had come as a result of the War was brought to an end by a resumption of production in Europe. As a result of wartime pressure, agricultural values had risen. Farms in the Middle West had been improved, and money had been borrowed on mortgages to finance many of the improvements.

When the country found itself, to its surprise, with an unsold agricultural surplus on its hands, and the income from agriculture was sharply cut down, farm values themselves inevitably fell. Immediately both the farmers who had capitalized their farms at too high a fig-

ure and those who had loaned money to farmers on mortgage found themselves in difficulty. The result was a series of bank failures in the Middle West during the long period of readjustment in the price of farm land.

The stock market collapse in the fall of 1929 exposed further weaknesses among the banks. When liquid capital was needed suddenly and security values shrank, the banks were unable to turn their real estate investments into liquid credits. They could not readily borrow upon real estate, and as a result these banks failed because they could not meet their immediate obligations.

The largest bank to close its doors in 1930 was the Bank of United States in New York City. This institution was heavily interested in real estate. It had

In the Month's Magazines

Continued from page 69

SOCIAL TRENDS

This Coming Era of Leisure, by Floyd H. Allport. HARPER'S, November. If we are to make the machine do all our work, we will have to make over human nature.

Present Day Trends of the Negro Population, by Frederick L. Hoffman. OPPORTUNITY, November. The Negro population is moving north and west and making progress in living conditions.

The Family Situation in the United States, by Charles A. Ellwood. THE SOUTH ATLANTIC QUARTERLY, October. Opposing forces influencing the home and family life challenge the church.

Panacea, by Roger Clarke. ADELPHI, October. Food, shelter, congenial company, and creative work are the requisites of contentment.

PERSONS

King Huey of Louisiana, by Barbara Giles. OUTLOOK AND INDEPENDENT, October 21. The career of this picturesque Governor-Senator of Louisiana.

Lord of the Loin-cloth, by George Slocombe. VANITY FAIR, November. Gandhi is an incurable optimist despite his seeming failures.

Gandhi: Saint and Politician, by Theodore Maynard. THE CATHOLIC WORLD, November. Gandhi's power is spiritual, and he loses prestige when he undertakes political bargaining.

Mr. Justice Brandeis, by Elizabeth Glendower Evans. THE SURVEY, November. At 75 the People's Tribune remains a man of keen understanding and wide sympathies.

FOREIGN PERIODICALS

The Japanese Capture Mukden, CHINA WEEKLY REVIEW, Shanghai, October 10. Nippon in Manchuria, and kindred topics in the Sino-Japanese dispute.

Manchuria as Supplier of Japan's Wartime Needs, translated by Chen-nan Shen. THE CHINA CRITIC, Shanghai, October 1. The resources of a Chinese province coveted by her military, land-hungry neighbor.

Manchuria before October 14. THE CHINESE NATION, Shanghai, October 14. A background for the Sino-Japanese controversy.

Manchuria and the South Manchuria Railway, by Chennan Shen. THE CHINA CRITIC, Shanghai, October 8. An important economic factor in a troublous region.

Labor Questions in Japan, by Shunzo Yoshisaka. THE ASIATIC REVIEW, London, October. Beginning with her Factory Act of 1911, Japan has been solving her ramified social-industrial problems.

made a practice of loaning to subsidiary corporations which dealt in real estate, treating the securities of those companies as though they were quick assets on which it was possible to realize. But in reality the investments were of a type which depended upon speculative sale, and the equity faded when the possibility of a quick turnover vanished, leaving the bank holding unmarketable paper.

Let us go back briefly over the developments in the real estate market which brought about this situation. Even after the market for agricultural land had actually begun to fall—in other words, during the middle years of the past decade—the market for city land still continued to be active and the price of urban and suburban land continued to rise. Our great industrial development during the War and the housing shortage following the War had created an immense demand for homes.

During the War virtually all construction except that of industrial plants had been at a standstill. Desirable sites in the better parts of most of our cities as well as newly opened-up sites in the outskirts were very much in demand and were dealt in by operators, the investing public in general, and large numbers of individual home seekers. The advancing price of city land made it easy to finance building enterprises by capitalizing the higher price of the land and borrowing on this price in order to erect new buildings. Buildings continued to be erected on the land which was actively dealt in, and the rents for these buildings were calculated upon the return which was considered necessary for the high-priced land plus the high cost of construction. . . .

Only gradually did the building movement abate. The first signs of slackening appeared when the so-called speculative home builder found it difficult to unload his product; in 1928 and 1929, before the panic, many developments faced a declining demand. But it was not until after the break in the stock market that it was apparent that more homes had been produced for the higher-income groups than could be put to economic use. The great market crash was also blamed for the decline in business which made it impossible to fill the space which had been provided in the new office buildings.

Overproduction in the building indus-

try has produced dislocation throughout the entire field of real estate. New buildings because of their superior facilities have attracted the tenants from old buildings. The old buildings have depreciated in value and competed again for tenants at reduced rentals, and the earning power of both old and new buildings has, therefore, fallen below expectations.

Thus real estate now finds itself capitalized on the basis of what was considered its salable value in the boom years. But as there is no quick market for land, as sales can be made only when the price of real estate is advancing, the capital invested in real estate is now dangerously frozen. The seriousness of the situation is evidenced by the great increase in the number of foreclosures of mortgage loans and by the insistence of the banks upon more conservative valuations in making loans. It is evidenced also by the collapse of many banks whose assets have been frozen in real estate and by recent drastic proposals such as that for the formation of a central mortgage bank under government auspices. . . .

Those whose assets are frozen today in real estate must open their eyes to the abuse from which real estate has suffered and for which not only the realty interest but the whole nation is now paying dearly by the further contraction of credit. The only avenue of escape is to stabilize the income from realty, and to administer real property for the income to be derived from it instead of trying to exploit it and unload it on someone else.

The whole structure of real estate administration must be reorganized. Equities may be pooled in trusts and yet the property enjoyed by individuals, as at present, through the payment by them to the realty trust of the fair value of the usufruct, or in other words, a true rental equivalent. The securities of great realty trusts economically and wisely administered would be readily salable to the public. Both their stocks and bonds would enjoy a liquid market. . . .

If real estate can be efficiently operated, the securities representing real estate will appreciate in value. There would, however, be no necessity or even temptation for a sale of the realty itself, because the basis for the increase in the value of the securities would be increased earning power, not mere exploitation.

Success Mad?

By MARY LOU COCHRAN

Bureau of Juvenile Research, Yale Institute of Human Relations

From Parents' Magazine, November

THE GREAT INCREASE in mental and emotional illness in this country in recent years has set thinking individuals looking for causes. "C'est la guerre," says someone; the machine age, strain of modern life and other possible causes are cited *ad infinitum*. The social psychiatrist looks further and asks: "What factors in American life are the determi-

nants?" Assuredly there are many, and no generalizations can be made. The case method of approach has taught us that respect for personality demands individualization, but is there not some common factor affecting us as a people?

I believe there is. After considerable experience with the mentally sick, I am convinced that our national tendency to

In the Month's Magazines

Off the Gold Standard, by J. A. Hobson. THE CONTEMPORARY REVIEW, London, November. A distinguished English economist analyzes his country's radical financial step.

Banking and Industry in France, by R. J. Truptil. INTERNATIONAL AFFAIRS, London, September. A modern industrial bank official explains the French system.

The Political Foundation for Disarmament. THE ROUND TABLE QUARTERLY, London, September. A detailed article on obstacles to peace.

What Is There to Do? by Dr. Gustav Stolper. DER QUERSCHNITT, Berlin, October. A Reichstag member discusses the Germanic solution of knotty world problems.

Germany and Europe, by Maurice Pernot. *France and Europe*, by Erich Koch-Weser. L'ESPRIT INTERNATIONAL, Paris, October 1. A Frenchman looks across the Rhine and a German looks back with mutual understanding.

The English Crisis, by J. Boissonnet. REVUE DES DEUX MONDES, Paris, October 1. A Frenchman writes on English distress in the historical spirit.

The International Labor Bureau, by Mathew Woll. LA REVUE MONDIALE, Paris, October 15. The Vice-President of the American Federation of Labor writes on the Geneva organization.

The Aristocratic Conception of Culture, by Count A. Hunyadi. LA REVUE MONDIALE, Paris, October 1. The place of aristocrats in our modern workaday scheme of things.

Labor Under the Five-Year Plan. ECONOMIC REVIEW OF THE SOVIET UNION, New York, October 15. A detailed account of workers' conditions, in refutation of slave-labor charges.

The Economic Situation of Brazil: Ideas and Reflections. HIERARCHIA, Rio de Janeiro, October. Five native experts discuss their country's economic and financial reconstruction.

International Mandates, by Corrado Zoli. NUOVA ANTOLOGIA, Rome, October 16. A discussion of the colonial distribution system inaugurated by the Versailles Treaty at Germany's expense.

POLITICAL

European and American Politics in the Pacific Colonies, by Dr. Albert W. Herre. THE SCIENTIFIC MONTHLY, November. The American policy in the Philippines has better prepared the people for independence than colonial methods of French, English, or Dutch.

In the Month's Magazines

America's Present Role in World Affairs, by John Carter. **CURRENT HISTORY**, November. American history shows that the Hoover moratorium and coöperation with the League is not revolutionary, but a continuation of past policy.

President Hoover and the Supreme Court, by Robert S. Rankin. **THE SOUTH ATLANTIC QUARTERLY**, October. An analysis of Mr. Hoover's appointments to the court.

There is No Other Horse, by Smedley D. Butler. **CHRISTIAN HERALD**, October. General Butler tells why he favors prohibition, what the drys must do to make it succeed.

How Peace Might Come to Europe, by Walter Lippmann. **VANITY FAIR**, November. To insure French help in stabilizing Germany, Germany must accept its present lot in the Polish Corridor.

War Brews in Manchuria, by Brigadier General Henry J. Reilly. **OUTLOOK AND INDEPENDENT**, October 28. Japan wants security in the East, and now is the critical moment to get what she wants.

An Economic Survey of Australia, **THE ANNALS of the American Academy of Political and Social Science**, November. A whole issue devoted to Australia.

MISCELLANEOUS

The Challenge to Israel, by William Orton. **HARPER'S**, November. An analysis of the Jews' position in American life.

The War Theory of Crime Control, by Ernest Jerome Hopkins. **THE NEW REPUBLIC**, October 28. Crime should not be treated as war, but as an evil demanding economic, social, and educational rearrangement.

The Unreachables, by Sherman Rogers. **RED BOOK**, November. Evidence that the Department of Justice officials are actually breaking down the bootleggers' power. *Remedies for the Third Degree*, by Zechariah Chafee, Jr. **ATLANTIC MONTHLY**, November. By mere enforcement of laws already on the books, the third degree may be controlled and curtailed.

How Magistrates' Courts Defile Justice, by Spencer Ervin. **NATIONAL MUNICIPAL REVIEW**, October. Magistrates untrained in the law and politics, are the chief evils of the magistrates' courts.

The New Morality in the Colleges, by Christian Gauss. **SCRIBNER'S**, November. Princeton's Dean analyzes a new attitude of youth toward the world.

Unfit Doctors Must Go, by Rita S. Halle. **SCRIBNER'S**, November. There is a protective attitude of doctors for doctors which must be broken down.

attempt more than we are able to accomplish is responsible in a large measure. We Americans are only a few generations old, and like children, we want what we want "Right now!" with a stamp of the foot. The factory worker of yesterday wants a college-bred gentleman for a son today. Children, who in another land and time would have matured gradually and painlessly without ever hearing of success—daily food and simple means of life being sufficient—are now driven through public school, through high school, through college. Some make the grade, many do not.

Is it not cruel to set a standard of endeavor that is impossible to attain? In this country everybody can amount to something. Every farmer boy is a potential president; every newsboy a possible millionaire. The man who falls by the way, who never gets ahead, loses the respect of his wife, his family, and finally his own self; mental illness is then only a short distance off. It is only a question of time until the overwhelming sense of failure forces him to retreat from an unbearable reality into a fantasy existence.

A young professional man said recently, "My parents died while I was in school and my guardian, a successful business man and friend, handled my estate and saw me through college. Two years after graduation I visited him, glowing with my own self-importance and pride in my job. 'What are you making?' he asked. I told him. 'What? Is that all? Why, you should be making \$5,000 at least.' Well, I can be philosophical now," he smiled, "but at the time it nearly killed me." Then a strange look came over his face. "I'm not even making that now."

Our very civilization as developed so quickly in America has brought this on. There is no place for a plodder of ordinary attainment except in the factory or some other field which he thinks would degrade him. The cry is always: "Get ahead! Get ahead!" . . .

The struggle to arrive has surged throughout the entire country. The grandsons of pushcart peddlers are now doctors and lawyers, and we are proud of the chance America has given them to rise in the world, but what about the brother or cousin who only had a natural capacity for good pushcarting? What of him? "Why can't you be smart like Jones' boy?" parents are always asking. The youngster of ordinary attainments early develops a sense of failure, feels his parents are not satisfied with him.

"If you are so dumb," I heard an Italian mother say to her cowed, sullen son of twelve, "If you are so dumb, howda you think you getta be rich American?" Her rage broke into tears and burning Italian. I could not get it all, but the gist of her remarks was that he was fit only to tend goats in Italy and that it had been futile for his parents to slave in order to pay his passage to our shores. Perhaps I am over-pessimistic, but I fear this boy is slated for the world of crime—the only world where he can excel and get the recognition he demands. Already he is a bully with his younger sister, whose cleverness is thrown in his face eternally at home and at school. Is it strange that he is a truant and a leader of a gang? "Stupid,

3 STUDENTS DIE IN TEXAS SUICIDES

Girl Takes Poison After Walking
4 Miles and Refusing Ride
in Bus

LIFE "FAILURE" TO BOY

ELKHART, Tex., Nov. 16 (P).—Two high school students, a boy and a girl, committed suicide here and another youth, also a high school student, killed himself at Oakwood, Leon County, late yesterday. The dead are Doris McCann, seventeen, and Ernest Miller, sixteen, of Elkhart, and Clyde Kennedy, nineteen, of Oakwood.

Miller left a note to his parents which said: "It's better for me to die now than to disappoint you in life." Verses he had written, entitled "The Last Chapter," mentioned "Going to find out about the realm of death."

is he? Well, he'll show 'em." Why can't this Tony have his chance in an easy-going Latin way? If school doesn't appeal to him after the fifth grade, things are bad enough without adding a grudge on the world to a moron brain.

Is it not time that thinking Americans both of old stock and new stop driving themselves and their children to superhuman accomplishments in fields not to their liking and begin to learn something of contentment?

I KNOW a brilliant woman with two degrees, who is a trustee of her college. Recently at a luncheon where she chatted with other alumnae, her attractive young daughter was mentioned. "College, of course," said one of her friends. "Oh, no!" exclaimed this remarkable mother, "Elizabeth isn't at all bookish, and wouldn't think of going to college." She beamed with pride upon her surprised friends.

This particular daughter is a handsome athletic creature, who was a wonder as junior councilor at camp last summer, but to whom college has no appeal. She says with spirit that she thinks lots of girls are going to college because they do not know what else to do. Soon she will graduate from a splendid girls' school. She really wants to be a nurse and she is already registered with a training school of world-wide reputation. There is plenty of money in the family and three colonial governors in her ancestry, but her parents have never pushed her or made her feel that she must follow in anyone's way but her own. She is a glorious success and they are proud of her as she is, and have not tried to make her a success according to accepted academic ideas.

However, the average mother and

father are not so wise. They push and urge and upbraid their children, who grow up to push and urge and upbraid themselves—to mental destruction. Some of them do not wait for maturity to destroy themselves. You can all recall the newspaper accounts of tragic student suicides.

The mental hygienist makes a plea for a sane, calm evaluation of aims and abili-

ties. Modern psychiatry is the product of Greek philosophy, whose admonition, "Know thyself," is the very essence of mental health. Let us know ourselves for what we are, and what we can do, so that we will call a halt on this mad, American struggle to excel, to surpass, to get rich, and take time to learn something of the joys of healthy, happy and contented living!

Mayors of England

By CLINTON ROGERS WOODRUFF

From the National Municipal Review, October

OUR AMERICAN mayors cannot compare in dignity or grandeur with our British brethren, nor for that matter with their Canadian confrères. There are many who are inclined to think that the robe, chain, cocked hat and white gloves are, for the most part, relics of a more spectacular age when lace and frills were a part of masculine attire. The fact that each has a definite significance of ancient origin, in which the factor of appearance plays no part, was recently explained during the installation of a Canadian mayor by the town clerk. . . .

Through all the centuries we find that the robe and chain have been adopted as an outward and visible sign of honor, distinction, and favor, a token of authority, whether it be the coronation robes and chain placed upon the persons of the sovereign at his coronation, the robes with which our judges are invested, the cassock, surplice and stole, worn by the clergy, or the robes and chain with which the mayors of cities and boroughs are invested.

The word mayor, it will be recalled, is the anglicized form of the Latin *major*, meaning greater. The mayor may, therefore, consider himself to be the greater man of the city, not in any vainglorious sense, but as the chief or first citizen, in which position he is placed by the choice of the majority of his fellow citizens for the purpose of looking after and watching over and conserving their best interests. That is the British conception.

The robe is usually of two colors, black and white, to remind him that in all questions coming before him when presiding over his council he must bear in mind that there are always two sides, and it is his duty to judge impartially, to act with fairness and consideration towards those whose opinions may differ from his own.

Encircling the robe is a border of white fur. White is the emblem of purity and honesty and the fur for humility. As the white of the robe encircles the black it is intended to point out that purity of mind, honesty of purpose and humbleness of heart must always govern the mayor's actions and keep all unworthy motives within bounds.

The chain is an emblem of servitude. In ancient times the wearing of a collar was regarded as a badge of slavery.

Slaves were compelled to wear a collar of gold or some other metal, upon which was inscribed the names of their owners. . . . So the chain is to remind us that in addition to being the chief man, the mayor is also the servant of the people, and inasmuch as the slaves of olden times were compelled to render service to the utmost of their ability, so in like manner the mayor must remember that he is not only the "greater man," but also the "chief servant" of the people, a thought that may well be borne in mind by all mayors, British or American.

The British mayor's hat is so made that it points both forward and backward, to suggest that while the mayor must look forward to the future with courage and determination, he is also to profit by the experience that has been gained, and endeavor to achieve greater success by the avoidance of any mistakes that may have been made. The hat is worn above the eyes and is so made that the sides of it point upward, being slashed on one side with a golden stripe. The upward point is to direct his eyes to the supreme power to whom he may

always look for guidance, and the golden stripe is an indication that the blessings of heaven will always shine upon upright and worthy motives.

Certainly this is a beautiful symbolism that might very properly and with advantage be transplanted to this country. For we do not as a rule hold our mayors in sufficiently high esteem. . . .

In the case of the city of London the Lord Mayor takes precedence over every subject of the crown, including princes of the blood royal, and holds a quasi sovereign position. By virtue of his office the Lord Mayor of London is the head of the city lieutenantancy and has the privilege of recommending to the sovereign the names of persons to fill vacancies occurring therein. The circumstance that the Lord Mayor is the chief magistrate of the city places him above the Lord Lieutenant.

In High Wycombe, England, the weighing-in of the mayor and his assistants has been a custom since the year 1285. Probably this was a serious matter when it was first instituted, else it would not have endured. Though it is practised to this day, the citizens of High Wycombe find high amusement in it. Their viewpoint, however, has changed as the manners have changed with the passing years. A few American cities are adopting innovations in this century which may seem farcical later on. . . .

In England it has been generally understood that the mayors were to be independent of party, but "Labor" has made its mayors political partisans. In London there has been formed a Metropolitan Labor Mayors and Ex-Mayors Association. It is a strong party organization that campaigns for "Labor purposes." The political mayors have worked their way into the ministry of health. The Fulham Borough Council has felt it necessary to lodge a protest against the action of the minister of health in empowering and requesting this political mayors' association to arrange for the appointment of an important delegation in connection with such a far-reaching matter as the continuity or otherwise of the metropolitan common poor fund.

"We know that the Labor people are clever campaigners," the *Municipal Journal* says, "but the ministry of health ought not to succumb to the wiles of men who merely make use of the machinery of local government for party purposes. What would Labor say if the ministers had invited the assistance of Tory mayors and ex-mayors in aiding him to come to a settlement of the difficult financial problems associated with the common poor fund? Labor, we regret, has introduced a most undesirable element in local administration."

Reports from all parts of England make it clear that almost without exception the choice of mayor at recent elections has been decided by political considerations. The available figures are not precise, but, excluding London, it seems that 142 mayors state their allegiance to the Conservative party, 73 are Liberals, 51 Labor. In forty-one cases the mayor's politics are not stated; nineteen claim to be Independents; there is one Independent Conservative, one anti-Socialist, and one Municipal Reformer.



A FLOAT in the recent Lord Mayor's Show, held annually in London.



The Gifts You Get

SOON you will be busy writing letters and paying visits, trying to thank everyone who has sent you a present, careful not to forget anyone.

But because they weren't addressed to you personally and sent by mail or express, perhaps you have forgotten to acknowledge some of the priceless gifts you have received.

Think for a minute of the welfare organizations that have been giving you their time, their training and ability, devoting their every effort to make you, your family and your neighbors safer and happier.

The Red Cross and other great organizations fed the hungry and nursed the sick while you remained comfortably at home—their gift to you of hours of leisure.

Volunteer members of national and local associations found children who were suffering from tuberculosis, sent them to camps and sanatoria to recover—giving your children extra protection from exposure.

Boy Scout and Girl Scout leaders gave up their

holidays to teach clean living by word and example—a gift of better companionship for your children.

Big Brothers sat in stuffy court rooms to rescue waifs and strays who did not have home background to guide them—a gift of future good citizenship to your community.

You will probably never meet, nor be able to thank, the doctors and scientists who have waged campaigns to make it increasingly unlikely that you and yours should ever contract smallpox, diphtheria, typhoid fever or other communicable disease. In their laboratories they are searching for means to prevent premature death from cancer or heart disease. Magnificent gifts to you of health—perhaps life itself.

But you do know some of the great volunteer organizations which work for you continuously and ask your good will and support. At this season will you not say "thank you" to two of them by wearing a Red Cross button and by using Christmas Seals?



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Steel and the Railroads Tackle Wages

IS THE workingman downhearted? Not if he has a job even at reduced pay. Trouble comes only when both hours and rate are reduced.

AN ARTICLE in this department last July asserted that wages actually had come down even while labor leaders, politicians, and some industrialists were engaged in the details of debate. The intent of that article was to simplify the issue somewhat, by suggesting that those who proclaimed that "Wages must not and shall not be reduced" referred—quite unconsciously, perhaps—only to the wages of organized labor.

It was easy to show by Department of Agriculture statistics that the wages of farm hands, of whom there are millions, had been reduced by 22 per cent. within a year. It was just as easy to demonstrate that the wages of millions of unskilled laborers and the salaries of millions of office workers, from lowly clerk to president, had undergone vigorous readjustment downward. Untouched were the pay standards of the vast army of those who work for the city, county, state, and nation—who produce or handle nothing that is for sale, and the product of whose toil had therefore not diminished in value. Comparatively untouched was the hourly wage of organized labor.

Any discussion of wages in this depression period must recognize two conflicting points of view, those of employer and employee. The conflict is not so much in opinion as in fact. Mr. Ford's minimum wage had been \$7 a day. In normal times that would mean \$35 for a week of five working days. But it is understood that the plant recently has been operating only three days a week, so that the weekly pay envelope of a minimum-wage worker might contain only \$21. Had his pay been reduced, by 45 per cent.? The workman's opinion might well differ upon this point from that of his employer.

Yet the employer—after two years of opportunity to think—has become convinced that times were out of joint in 1929 quite as much as they are now. At least he must face present conditions, forgetting the past and knowing nothing about the future. When buying materials \$1 will go as far now as \$1.46 went in October, 1929 (a statement based upon the *Annalist's* index of wholesale commodity prices).

It is true that the steel manu-

facturer cannot profit by the most drastic declines in commodity prices, those of farm and food products. The cost of his raw materials has fallen in lesser degree; and during two long years he found one major cost that had not shrunk even a tiny bit, his labor cost. The United States Steel Corporation, whose figures are most available, had been paying common labor \$4 for an eight-hour day. Including skilled as well as unskilled labor, the average wage paid—exclusive of selling and administrative forces—was \$5.80 throughout 1930.

With business so slack that operations were reduced to less than 35 per cent. of capacity, a workman might have been employed three days a week, or else a week on and a week off. His wage either way averaged half of normal, or only \$17.40 per week. Had his wages been reduced? The workman and his family were sure that they had. The employer was certain that his wage cost per ton of steel remained the same.

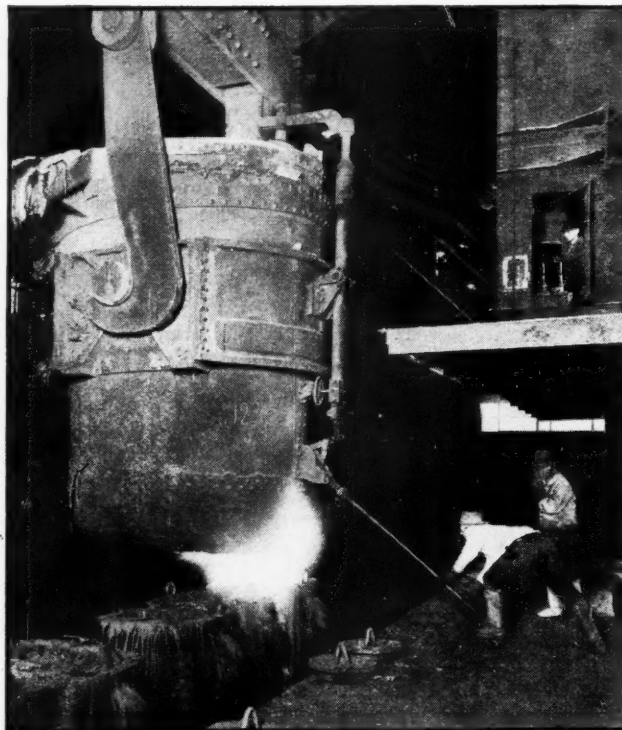
So the break came, on October 1 of this year. Wages in the steel industry were reduced by 10 per cent., the United States Steel Corporation taking the lead and being promptly followed by others.

Plainly the idea was to bid for new business through reduced prices made possible by lowered manufacturing costs. There was, indeed, a modest burst of steel-mill activity after the announcement, and some increase of employment. The result for the whole month of October was rather a marked slowing down of the decline, rather than an actual increase in output. As measured by *Iron Age*, the daily output of iron and steel in October was 37,848 tons, the lowest since September, 1921.

The same periodical publishes, weekly, a composite price for steel (bars, beams, plates, wire, rails, etc.). This composite price on November 2 of this year was 2.116 cents a pound. In 1929 its highest point was 2.412 cents. The peak in recent years was 2.56 in January, 1925.

It was the first decrease in the Steel Corporation's wage scale since the depression year 1921. Then the cut was about 20 per cent., the daily pay of common labor dropping from approximately \$3.70 to \$3. Just one year later the 20 per cent. was restored, and after a lapse of eight months more a further increase of 11 per cent. went into effect. The steel employee may reasonably expect, from that precedent, that the 10 per cent. now taken away will come back to him when the business skies have brightened.

THINGS HAVE begun to happen, similarly, with regard to the wages of railroad labor. When the roads lost their plea, in October, for a flat increase in freight rates, it became evident that they would be obliged to consider economies in pay. Salaries of executives have already been readjusted downward. It is not a simple matter to



A STEEL-MAKER

He is pouring hot metal, with strong arm and eagle eye, into the ingot molds below.

Photograph from Publishers Photo Service

"O.K." IN THE FREIGHT BRAKEMAN'S LANGUAGE

Sixteen million less freight cars will move over the railroads of the country this year, as compared with 1929. Thousands of freight brakemen and switch tenders are thus without work, and the remainder face pay cuts.

Photograph from Ewing Galloway

reduce railroad wages. There are highly organized brotherhoods to deal with, whose leaders must oppose any reduction or run the risk of losing their own jobs. Then there is a Railway Labor Act to be considered, which sets up a Board of Mediation that must be consulted in disputes of this kind.

Railroad freight business in October of this year was running at about 65 per cent. of that of the corresponding period in 1929. It is a fair guess that when the year has ended there will have been about sixteen million fewer freight cars loaded than there were in the boom year. Engineers, firemen, conductors, and trainmen have already been laid off to the number of 371,000. Throughout 1929 there were 1,660,000 employees, on the average. In 1930 there were 1,488,000. By August of this year the number had fallen to 1,288,000.

Statistics show that the railway worker is almost as well paid as his fellow-worker in the steel industry. The average daily compensation of all employees of the U. S. Steel Corporation has averaged \$6 for a number of years. If we figure, roughly, 300 working days a year, the annual pay averages \$1800. Among railway employees the annual pay for some years past has averaged \$1720. The steel worker's wage, to carry the analysis a step farther, was 44 per cent. higher, until October, than it had been in 1916. The railroad worker's pay had grown in the same period by 48 per cent.

What a reduction in pay would mean to the carriers is best indicated by the simple statement that out of every dollar taken in by the railroads during 1930, 45 cents was expended for labor. The labor cost, indeed, is greater than all other operating expenses combined. If you take every cent which the roads spend for rails, ties, fuel, equipment, rentals, taxes, and as depreciation charges, the total of those sums will not equal the single item of wages.

An indirect result of the reduction in steel wages was the sympathetic encouragement given in steel circles to the later movement for reduction in railroad pay. It was not merely that "I have taken my medicine, now you take yours." It was a belief that savings in wages would help to restore the purchasing power of the roads, and thus bring to the mills new orders for rails and other equipment. A 10 per cent. reduction in railway pay would release more than \$220,000,000 during the next twelve months—a statement based upon an average pay of \$1720 and a personnel of 1,288,000 men, indicating a current payroll of \$2,215,000,000.

Unless one's memory happens to run quite far back into the past, he will fail to recall a time when wage reductions were so cheerfully accepted. The only strike of importance, in protest against



this movement for 10 per cent. reductions, has been that of the textile workers at Lawrence, Mass. Would railroad employees accept a wage cut? Remember the conditions. Out of every four railroad workers in 1929, one has lost his job through hard times. The remaining three are fully aware of their comparative good fortune.

As a specific instance, it is understood that the personnel of the New York Central system has been reduced to 130,000, as compared with 170,000 at the end of 1929; and it is known that the officials have been conferring with representatives of various classes of employees, with a view to having them voluntarily accept a 10 per cent. reduction for a period of one year. Leaders of the four Brotherhoods—the national organizations of engineers, firemen, conductors, and trainmen—seem not to have been consulted. The wage bill of the New York Central was \$269,000,000 last year. If reductions are inevitable, they cannot come in a better way than by direct negotiation between management and men, with the management stating its case frankly and the employees meeting the issue fairly.

WAGES IN manufacturing industries have been surveyed monthly for ten years by the National Industrial Conference Board. The statistics show that the average hourly wage was 59.3 cents in August, 1930, higher than it had been at any time during the boom period, but that since then the hourly wage has dropped steadily until in September last the average was 56.2 cents. The actual hours of work per week, per wage earner, dropped from a peak of 49.3 in October, 1929, to 39.2 in September, 1931. Those who worked at all worked ten hours less each week, and received three cents an hour less for their labor. Thus the average weekly wage declined from \$29.17 in October, 1929, to \$21.75 in September, 1931—a re-

duction not merely of 10 per cent., but of 25 per cent.

The index of employment in manufacturing industries, as computed by the National Industrial Conference Board, rested at 71.1 in September of this year, compared with a recent high point of 102.8 in May, 1929. This was a drop of 31.7 points in twenty-eight months. In the depression of a decade ago this same index of employment dropped 41.7 points (from 111 to 69.3), and the lowest depth of the depression was reached by the twelfth month.

The same source is authority for the statement that the cost of living declined 10 per cent. in the year ended with September last. The Conference Board's weighted average includes food, housing, clothing, fuel and light, and sundries. The index number (using 1923 as its base or 100) had declined to 95 in September, 1930, and to 85 in September, 1931. The greatest drop was in clothing, with housing next and food third.

With a 10 per cent. decline in the cost of living, it has been comparatively easy to accept a corresponding reduction in wage or salary. The employee's mood is one of thanks that he has a job. It is only the combination of shorter hours and lower scale of pay that provides real embarrassment, doubly shrinking the weekly income so that it falls short of even a carefully trimmed weekly outgo. Savings will be drawn upon by some, debts will be incurred by others, and relief will be needed by those hardest hit.

Wage reductions have come, in most instances, only after all other methods have been tried; and it is nowhere charged, even by the irresponsible radical, that the employer is seeking merely to promote his own ends. In the deepest abyss of a depression era it is impossible to overlook wage adjustments as a means of reducing costs, and thus promoting sales and even averting bankruptcy. No one has risen to frighten the worker by declaring that wage reductions will never

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be restored. Indeed, a plan for voluntary agreement between eastern railroads and their employees, under discussion in the middle of November as these pages are written, includes the possibility that the amounts saved by wage reductions shall be treated as loans from employee to employer.

Most persons expect that history will repeat itself, and that wages will rise again in close relation to business activity.

HOWARD FLORANCE

A Flurry in Commodity Prices

WE BELIEVE it was the late Senator Morrow, a foremost financier before he became a diplomat and statesman, who replied to an inquirer that the turn for the better would come sixty days before anybody realized it. There are many who thought that the bottom had been left far behind as they watched a speculative rise in several commodity prices during October and early November.

Wheat, for example, for December delivery, rose 24 cents a bushel from the low point of 44 cents on October 5, reaching 68 cents on November 9. Corn rose almost to 48 cents, from 32. Oats and rye behaved in somewhat the same fashion. Unfortunately, the grains lost half of that rise in the five days from the 10th to the 14th of November.

War talk—war between China and Japan, and even with Russia involved—was said at the time to be the largest factor in this particular rise. Armies must eat.

War talk similarly was said to be responsible for an equally spectacular rise in the price of silver. Armies will not fight unless they are paid, and in the East they must be paid in silver. Whatever the reason, the price of silver rose from a low point (February 16) of 25¾ cents an ounce, to 37¼ cents on November 10. Most of the rise came within a few weeks. Here was a gain of 40 per cent. in the value of a metal that is at once a commodity used in manufacturing and a medium of exchange for most of the people of the world—in China, India, Mexico, and elsewhere. Some of the increased value followed Britain's abandonment of the gold standard and the resulting postponement of efforts to place India upon a gold standard.

COTTON BEHAVED well in the face of a Government crop report (issued on November 9) indicating a domestic production of 16,903,000 bales, considerably more than a million bales higher than the first crop report of August 1. It will be the second largest crop ever produced in the United States, exceeded only in 1926 when the yield was 17,977,000 bales. The United States this year has produced nearly three times as much as all other countries combined.

The lowest price of the year was reached on October 8; and cotton rose along with grains until October 24. On that day cotton for December delivery reached 6.95 cents a pound; but under the influence of the crop report it had receded to 6.33 cents on November 14. The shrinkage in price might have been much greater under the circumstances,

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for it seems that the planters of the South and Southwest have grown twice as much cotton as the market may demand. There are important plans under way for curtailing the planting next year.

Any comment on the recent flurry in commodity prices should mention the recovery in the price of crude oil in the Mid-Continent district, due in part to the restrictions upon production forced by Governor Sterling of Texas and Governor Murray of Oklahoma. Price comparisons in crude oil are not as easy to state as are those in wheat or silver; in Texas alone the prices in different fields varied on a given day last month from 51 to 71 cents per barrel. The days of 29-cent crude seemed to belong to a distant past; and there have been indications, as well as talk, that the price will rise above a dollar a barrel.

Along with this October and early November rise in certain commodity values came a fair measure of renewed optimism which is necessary to any sustained revival.

The Trouble with Foreign Bonds

AN INVESTOR in bonds, particularly in Government bonds, is ordinarily entitled to claim some measure of conservatism in his financial affairs. Thus it is difficult to understand why a loan made to a foreign government in perfectly good faith could in a few years shrink four-fifths in value. That is what happened to the foreign obligations of South American countries, as estimated by the Latin-American Bondholders Association. A total of 122 loans, to seven countries, represent an investment of \$1,396,000,000. At their low point this year they had a market value of only \$272,000,000. Depression and revolution—labeled as constructive rather than destructive—made the solemn financial obligations of these governments worth twenty cents on the dollar, on an average.

The chain of circumstances which brought about this situation (and it applies equally to some European governments) is well described in a report made to the Investment Bankers Association, prepared by its committee on foreign securities and presented at the November convention at White Sulphur Springs, West Virginia. We quote from that report:

"All countries borrowing from other countries and the nationals of all countries purchasing foreign goods require a foreign currency to meet their obligations. This foreign currency is obtained in three ways: (1) By selling more goods and services to foreign countries than are purchased, thereby creating a credit balance in a foreign currency; (2) by shipping gold; (3) by borrowing from a foreign country or the nationals thereof.

"The diminution of trade, both in manufactured goods and raw materials, in most cases reduces the monetary value of the sales of one country to another. Particularly in a country that is not self-supporting, imports or purchases from foreign countries are seldom reduced immediately to the same degree as exports. This results either in a diminished credit



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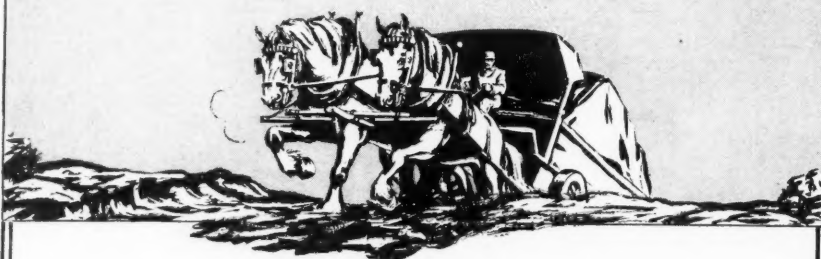
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balance abroad or in an actual debit balance, and there is less or no foreign currency available to pay obligations due abroad.

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"When the resulting premium of a foreign currency reaches a point where it is greater than the shipping, insurance and interest charges during the period of transportation on gold, the foreign country and its nationals endeavor to ship gold in settlement of their external obligations. This is known as the 'gold shipping point.'

"When the imports exceed exports and the value of internal currency in terms of foreign currency is lowered, and when gold in excessive amounts is shipped from the country, the tendency is to lower the country's credit.

"At this point two general phenomena may occur:

"First, the nationals of a country, fearing that the internal currency will have less value than formerly and will become unstable in comparison with the currency of other countries, endeavor to exchange their internal currency for the more stable foreign currency. This augments the condition already existing and is usually referred to as the 'flight of capital.'

"Second, the instability of a country's credit causes foreign bankers to withdraw credits extended to the country and to the bankers and nationals thereof, and the repayment of loans granted under such credits again necessitates the purchase of foreign currency or the shipment of gold, which aggravates the condition still further.

"Some countries have faced all of these adverse factors within a short period of time. There are several remedial measures which in most cases have been or are about to be applied:

"First, every effort is made to stimulate exports; second, imports are curtailed by increasing import tariffs in general and by prohibiting the importation of luxuries and other non-essential articles; third, the exportation of gold is restricted and confined to absolute essentials under governmental regulation; fourth, foreign balances, currency and securities belonging to the nationals of a country are mobilized."

Real Estate Bonds

A RESPONSIBLE estimate places three-fifths of all real-estate bonds in the doubtful class. Ten billion dollars' worth of such bonds were sold to the public, mostly in the last ten years; and six billion of these are sour. The word *billion* is so overworked these days that we may easily lose sight of its full meaning. Six billion dollars would divide so that there would be \$50 for every man, woman, and child in the United States. There is not that much money in circulation. It is a sum in excess of the total of German reparation payments scheduled under the Young Plan for the

next twelve years. A popular method of indicating the immensity of a billion is to remind the reader that there have not been a billion minutes since the birth of Christ.

Real-estate bonds, usually covering office buildings and hotels, sold easily in the prosperity era. They were (or seemed to be) mortgages on improved, income-producing, well located properties in the larger cities. One who had a good deal to do with selling such bonds, Horace B. Matthews, now writes in *Forbes* of the collapse and what it means. Our general period of depression aggravated the real-estate situation, but Mr. Matthews reminds us that troubles were appearing on the horizon as far back as 1926. He finds three interlocking factors that caused most of the grief:

First, high cost of building materials and labor;

Second, exaggerated profits to many dealers, beyond a reasonable charge;

Third, too "full" bond issues, often running far beyond a proper proportion of the loan to the value of the mortgaged property.

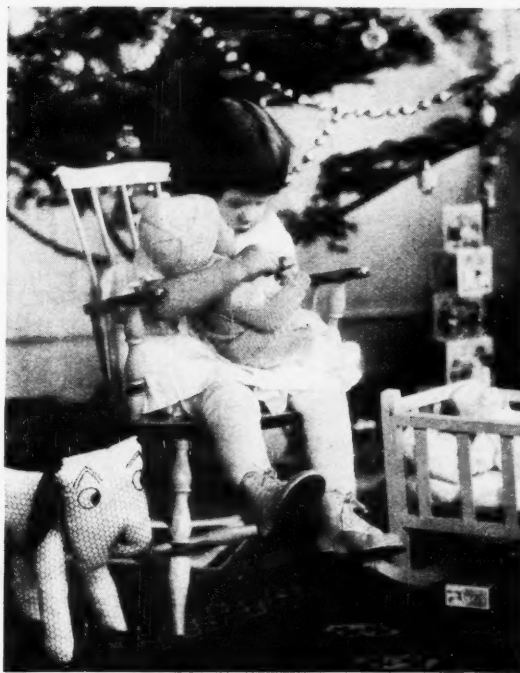
WE QUOTE Mr. Matthews on the third factor only:

"The investor in real-estate bonds was completely at the mercy of the appraiser, in a complicated estimate of value that left endless opportunities for laxity or downright fraud.

"The appraisers varied. They were good, bad, and indifferent—the majority being included in the two last classes. Certain firms selling bonds on properties in boom communities made by a brave show of virtue by employing 'independent and unbiased appraisers,' such as local real-estate boards and chambers of commerce, men wholly guiltless of conservatism. Some independent appraisers, with reputations to sustain, gave honest valuations; others gave what the promoters desired them to give. So appraisals in far too many cases were inflated like toy balloons, to a bursting point.

"Early in the real estate bond boom, investment dealers decided that, on account of amortization and for other reasons, they could with safety float bond issues somewhat exceeding the old limit of 60 per cent. of the value of the mortgaged property, fixed by law in New York and some Eastern states as the limit for savings banks. But in the rush of competition and the pressure from builders, the third factor came into play. Many threw prudence to the winds, and made loans far in excess of that figure, as high as 80, 90, and even 100 per cent. of "sound value" of the property. In some cases the loan actually exceeded 100 per cent., such as in that classic instance of the builder who borrowed enough money from the public to buy the land, build the building, and take his family for a trip to Europe on the remainder of the funds provided by the bond issue."

Speculative, high-pressure building that took no thought of the morrow, and frenzied finance; these were the causes of loss in real-estate bonds. Mr. Matthews' solution is a larger sense of responsibility on the part of the building industry and those who finance it, with adequate safeguards for investors.



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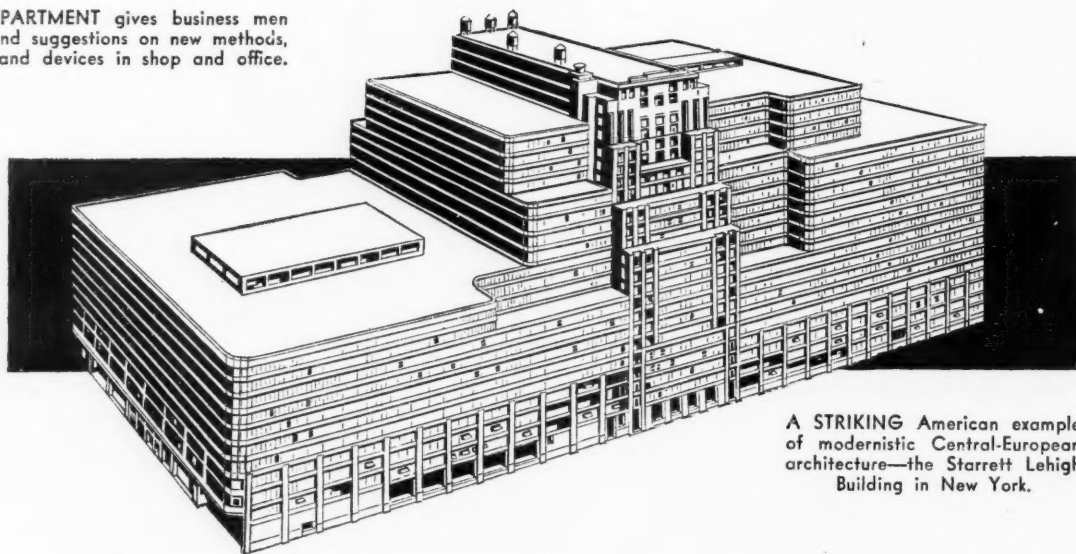
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I N D U S T R Y

THIS DEPARTMENT gives business men reports and suggestions on new methods, policies, and devices in shop and office.



A STRIKING American example of modernistic Central-European architecture—the Starrett Lehigh Building in New York.

An Efficient Industrial Skyscraper

IT DOES NOT require the analysis of an economist or an efficiency expert to point out that the largest factor in the cost of distribution—which itself is so often the largest factor in the selling price—lies in the cost of handling. It is one of those things which are so painfully evident and obvious to the business man himself.

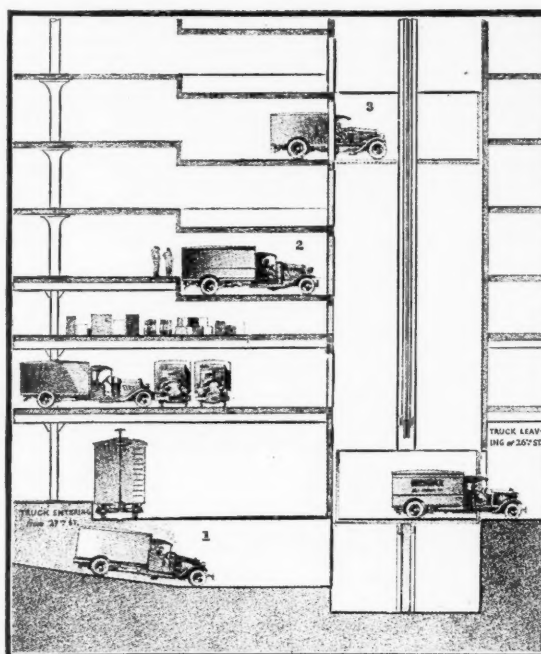
For that very reason, however, the problem of waste in handling is now receiving the attention it merits. It is the purpose of this brief article to tell about a huge new industrial building in New York City—eighteen stories high, yet covering the entire area of a full city block of the largest size—where among other innovations the freight car is brought into your building and the motor truck is brought to your particular floor.

"We believe that almost every executive in a manufacturing or distributing organization must at some time or other have pictured to himself the ideal surroundings and conditions for manufacturing or distributing his product. We feel that the Starrett Lehigh Building represents this picture. And we believe that the executives of any organization dissatisfied with the conditions under which they are now working should see it before deciding on new quarters." This is the message of New York City's newest and most efficient industrial building.

It covers the large block between Eleventh and Thirteenth Avenues and between Twenty-sixth and Twenty-seventh Streets, Manhattan, near the center of perhaps the most densely populated region in the world. There is a railroad ter-

minal—the Lehigh Valley—in the ground floor of the building, enabling goods to be moved directly to and from railroad cars and the elevators of the building. Seven other railroad terminals are situated within a few blocks. And a new motor express highway, leading out to Westchester County and through the vehicular tunnels to New Jersey, runs within ten feet. Located in the heart of the Hudson River pier zone, the building also offers import and export facilities. Moreover, within a few blocks live many workers; while street-car lines and subway stations conveniently serve other labor centers.

The building itself is ultra-modern both in design and in mechanical appliances. Architecturally it is reminiscent of the modernistic Central-European school, to which belong so many of the new skyscrapers in Stuttgart and Berlin. One of its chief characteristics is a vast stretch of glass, covering most of the wall space and making for improved lighting conditions within. In theory we are living in a machine age, and a building is a machine to live or to work in. Hence an efficient and businesslike exterior suits the tempo of high-tension Germany or America.

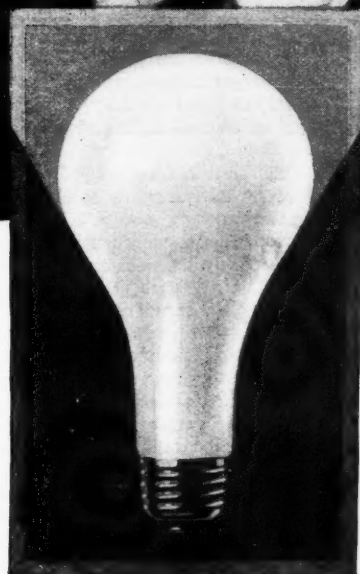


TRUCKS ENTER the building on a ramp (1) which runs under the railroad tracks. They are loaded onto special truck elevators and carried to any floor of the building (2), backed into truck pits and unloaded (3).

The Starrett Lehigh Building, walled almost completely in glass, is put together by a cantilever construction which enables the supporting columns to be set back nearly nine feet from the exterior glass walls. These walls form continuous, uninterrupted windows running completely around the structure—with no outside columns to cut off light. Ceilings are thirteen feet from the floor.

An important feature of the building is its truck-elevator system, whereby motor trucks drive comfortably into

AT 3 O'CLOCK IN THE AFTERNOON!



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*MAZDA—the mark of a research service.

IF YOUR EMPLOYEES work under the advantages of good light, they will be much more alert and much more capable of doing their work speedily and accurately throughout the day. They should not be compelled to strain their eyes in poor light.

Poor illumination is the cause of much imperfect work and much preventable fatigue in offices and factories. Look around your establishment at 3 o'clock in the afternoon. If your employees show signs of fatigue and drowsiness, it is probably because of eyestrain. Working in poor light not only tires the eyes, but causes the whole body to become weary.

Careful tests in offices and industries of various kinds show that profits resulting from increased production and reduced spoilage, effected through better lighting, were more than five times greater than the cost of the additional light.

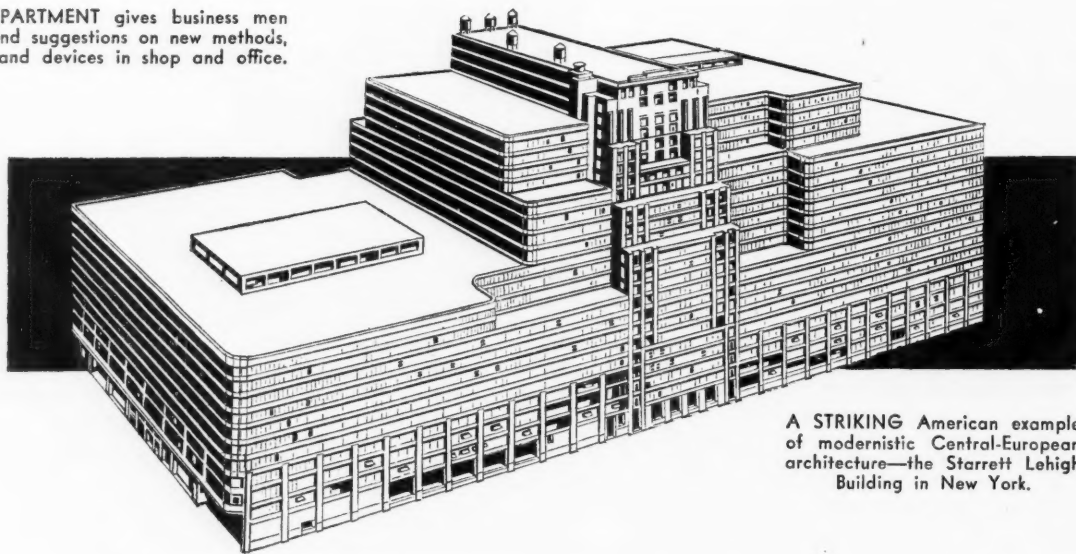
Write to General Electric Company, Nela Park, Cleveland, Ohio, for free information concerning correct lighting in your particular kind of business.

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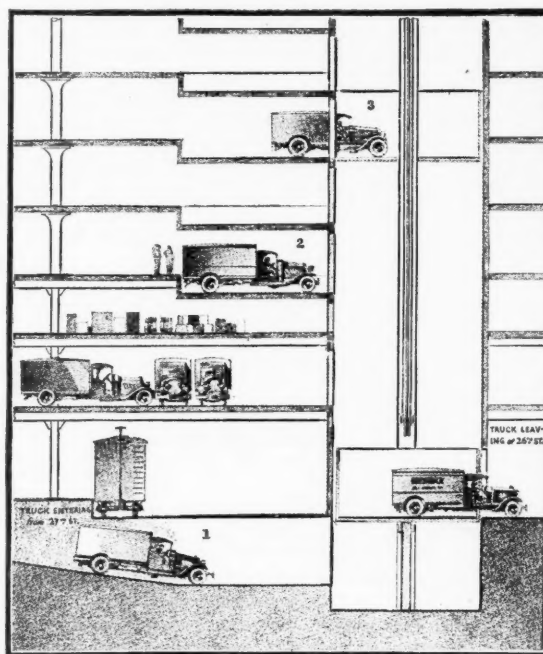
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EDISON MAZDA LAMPS

GENERAL  ELECTRIC

great elevators and are hoisted to any floor—into special pits which make the floor of the truck flush with the floor of its destination. Goods to or from the freight cars on the ground floor can be handled by special electric trucks, to be driven from the elevator to any place on any floor.

Each floor area allows for more than six hundred feet of straight-line production without any sort of obstruction. Elevators, lavatories, and the like, have been grouped and so placed as not to impede the manufacturing functions of a high-speed Twentieth Century. And although the structure is not designed for an office building, a centralization of functions—manufacturing, distribution, sales and executive—could well be effected under the same roof.

The strategic location of the building is worthy of mention. New York City proper has a six-million population, the New York metropolitan area has three-quarters of a million more, the New Jersey metropolitan area has two and a half million, and the Connecticut metropolitan area has well over a hundred thousand. This brings the grand total to nine and a half millions; with the Starrett Lehigh as an approximate hub. Near at hand are the New York Central, the Pennsylvania, the Erie, and the Baltimore & Ohio terminals. Close by is the pier district, essential for handy exportation.

Incidentally, the small tenant is urged to feel at home under the same roof-tree as heavy industry. Lobbies will be stocked with a cafeteria, lunchrooms, cigar and news stands, telegraph offices, shoe shineries, and all the other appurtenances of our luxury-loving civilization. There are eighteen floors in all, of which six have 124,000 square feet of floor space. The seventeenth and eighteenth floors—at the top—have 53,435 square feet each. Other floors are intermediate in extent.

Time to Consider

A DOCTOR DRIVING HOME late one night from a professional call was signalled by a pedestrian who asked for a lift. So the doctor allowed the hitch-hiker to come into the car beside him. A few moments later the doctor noticed that his watch was missing and he began to fear that his passenger who had already robbed him would kill him before they reached town.

The doctor had a revolver in the side pocket. Slowly he reached for the gun, then whipped it out and jammed it into the man's side. "Now hand over that watch," said he threateningly, "and get out." The hitch-hiker, startled and frightened, gave a watch to the enraged motorist, and leaped out of the car, seemingly glad to escape.

The doctor was considerably shaken by the experience and, entering his home, excitedly told his wife the story. "But dear," said the puzzled woman, "you left your watch on your dresser this morning."

Perhaps there is no moral to this incident. Nevertheless, the affair was rough on the doctor's nerves and also upon the hitch-hiker who lost his watch.

Moreover, even if he did not show it, he must have suffered chagrin.

Many business executives have had their nerves on edge for many months. Usually self-confident and cautious, they are too ready to believe rumors of what competitors are doing, are too anxious to cut prices and curtail effort when confidence and hard work are the crying need. Extremes are always injurious and many organizations have become panic stricken and dispensed with the services of true, tried, and trusted superintendents and "key" men whereas if they had hesitated, they would have realized the men were indispensable.

Noise

DR. DONALD LAIRD, physiological psychologist at Colgate University, has carried out extensive tests to determine the effect of noise and vibration upon the human being. He employed eight men for the experiments.

While the subjects slept a motor attached to the springs of the beds created a humming noise slightly above a conversational tone, and at the same time kept up a constant vibration. As a result the patients woke with a dark brown taste in their mouths and a slight paralysis of the digestive tract caused by moderate fear reaction. They also developed headaches and circles beneath the eyes.

Noise and vibration are objectionable because they have a psychological as well as physiological effect upon the human being. Results are apparent in terms of lower rate of production, a higher rate of spoilage, variation in quality, increased absenteeism, and a higher rate of labor turnover. Less rapid, but none the less real, are the ill effects upon health which appear first as a case of nerves, indigestion, and similar ailments.

Prepare for Prosperity

"DURING THE SUMMER of 1928, we were all clamoring for a breathing spell, time to catch up with orders, time to make repairs and do some of those things which had been neglected because of pressure of business," said the manufacturer, as he lit his cigar after the weekly round-table meeting at the club. "And when the breathing spell came, everyone complained about lack of business. The breathing spell had arrived. But instead of making the most of it to make the repairs that were so badly needed, they sat down to wait. Many of them are still waiting."

"The depression came suddenly, but it did not come unexpectedly. Everyone knew it must come eventually and the only doubt was just when it would arrive. History repeats itself and we know that prosperity is again on the way just as the next wave of prosperity will destroy itself and bring a repetition of the cycle from inflation and prosperity to hard times and deflation. If it is true, 'in time of peace prepare for war,' then in time of depression prepare for prosperity. During the War, France was over-

run. Germany had to melt down much of its equipment to make munitions. Great Britain's factories remained unscathed. What is the result? Today France is prosperous and almost completely equipped with new machinery. Germany has considerable new machinery but considerable old machinery. Great Britain still has her old machinery. Great Britain would be better off if all her apparatus and all her machinery had been destroyed so that her plants could be modernized.

"The situation in Europe due to the War and since the War offers a real lesson to every executive. Many firms have waited for prosperity to return, thinking the equipment that was working at top notch speed during 1929 will be good enough to start up again in 1931. The firms that will have the greatest prosperity during the next few years are those which used the breathing spell or the hard times of 1930 to modernize their plant and scrap obsolete equipment."

Teamwork Saves Coal

BECAUSE FUEL is so large an item in the cost of railroading, the railroads give considerable attention to reducing consumption. The majority of industrial plants tend to neglect this important phase of production—often forgetting that the power plant is part of the organization. When coördinated teamwork deliberately goes out to cut fuel consumption, the savings are always worthwhile.

The Illinois Central Railroad is saving fuel by encouraging efficient teamwork, by stimulating competition among the various departments and divisions, and by carrying on tests and experiments by which it becomes possible to set a goal or standard at which to aim. The result is that not only the men operating the locomotives, but brakemen, switchmen—anyone connected with power consumption or the development of heat and steam—strive to reduce fuel consumption.

Hot boxes and other mechanical defects cause friction and so waste power. It requires about 1500 pounds of coal to make a stop, so all down the line men attempt to minimize the number of stops required. Cranemen loading tenders are careful not to spill coal or overload the tenders so that lumps fall off and are lost. Conductors are instructed not to allow trains to be excessively heated and then excessively cooled, so as to reduce steam consumption.

The largest saving, of course, occurs in handling the locomotives. Formerly between 300 and 400 pounds of coal were lost each time a locomotive was fired up in the roundhouse, because fine coal dropped through the grate into the ash pan. At first an attempt was made to salvage this coal. Then lump coal was tried for firing. Next the grates were covered with paper so that the small coal would be ignited instead of falling through the grate. For this purpose paper was purchased at \$195 per ton. It was then found that wastepaper gathered from the various suburban trains and

office buildings at the Chicago terminal could be used instead.

Today an oil spray is used. Crude oil is sprayed over the coal, saving the expense of cordwood and enabling larger lumps to be ignited with less loss in the ashpit. By using a portable oil-firing machine for igniting the coal fires, sixteen fires can now be lighted with only twenty-five pounds of paper. Since approximately 12,000 fires are started each month for the fleet of locomotives on the Illinois Central System, worthwhile economies have been brought about.

Would it not be well if manufacturers expressed their fuel consumption in similar units which would enable employees to understand how quickly waste of fuel mounts up, and how easily it can be saved when effort is made to save it?

Research in Time of Depression

DURING the World War a lull in the fighting was invariably followed by an assault of increased bitterness. Industry is much the same. After intensive prosperity and inflation comes depression and a general lull. Apparently there is a stalemate, when price cutting, lack of orders, curtailed production, and unemployment bring about general stagnation.

But beneath the surface much is going on—plans which mean future victory are under way. Research and modernization, now in process, mean bigger profits, ability to overcome competition, and customers later on when business picks up. Those who have not taken advantage of the opportunity to put their houses in order will suffer defeat.

The far-reaching consequence of research and painstaking improvements have been well illustrated by a well-known paper manufacturer. Perhaps nowhere is competition keener, price cutting so fierce, and the margin of profit so small as in making and selling paper. Foremost brands of this company were recognized throughout the country as high priced, but of supreme quality. Then came depression and business dropped off.

The manufacturer immediately hired three chemists, one a government chemist, and the other two capable men in their lines. None of the three had ever tackled paper problems before. They set to work, watching paper being made, asking questions about methods used. They had been given orders to develop a paper of better quality at a lower cost.

As a result of their work paper formerly selling at 17 cents a pound is now available for 12½ cents, and it is a vastly better sheet. Paper originally selling at 12½ cents a pound is now selling for 9½ cents, and that, too, is a much better paper. Even at these prices the manufacturer can make money.

It will not be long before competitors will complain that price cutting is under way. This is a typical instance of what can be accomplished by research. Every depression in business provides an opportunity for the alert to use in preparation for the next era of prosperity.

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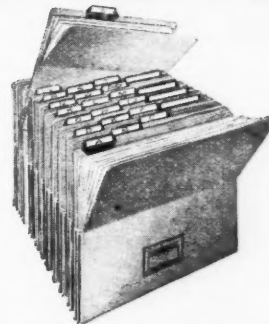
We're sure you'll be interested in sample tab of Wiggins Cards—together with description and prices of the new Compact Binder Case. They come promptly when you write us.

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GOLDEN RULE Week

DECEMBER 13-20

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Without obligation on my part, kindly send me your booklet, "The Golden Rule, A. D. 1931," giving information and suggestions concerning Golden Rule Week.

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T R A V E L

Mediterranean Cruises

TWO WEEKS are enough this year to take you to the sunshine of Algeria, Spain, and southern France

AT LEAST ONCE in a lifetime you should plan a winter voyage to the Mediterranean. Summer travel in that region is all very well if you can stand heat and smells, but winter is the pleasant season to visit Spain, North Africa, Egypt, Greece, and the French and Italian Rivas. In recent years steamship companies and tourist agencies have worked together to meet the needs of all kinds of travelers. They have added shorter cruises to their schedules, reduced first-class rates to a minimum, and opened the less expensive tourist class to Mediterranean service.

The winter of 1930-31 was not considered a good travel season. Nevertheless, thirteen Mediterranean cruises, taking from thirty to seventy-three days, set out from New York and Boston harbors between December and May. This year the number has been increased and emphasis laid on the shorter cruises. The shortest is the unprecedented seventeen-day excursion of the swift Cunarder, *Mauretania*, which has been especially arranged for those who can take a two-week holiday at Christmas time. It includes shore trips in Gibraltar, Algiers, Villefranche, and Barcelona, favorite cruising ports.

Prices range from a minimum of \$460 first-class, to more than \$2,000 for *de luxe* suites with private sitting room, dining room, and bath.

Other cruises scheduled this season run from 28 to 73 days. The minimum first-class rate is \$475, tourist \$245, which is

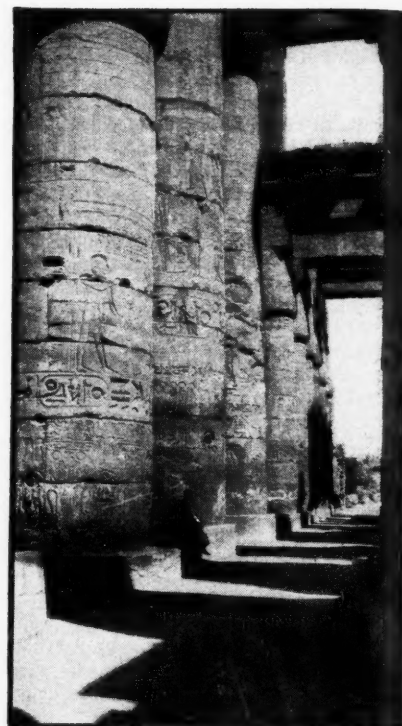
Cruise Facts		
	1930-31	1931-32
Number of cruises.	13	14
Average length....	52 days	39 days
Minimum rate, first class	\$550	\$475
30-day trip, tourist....	\$250	\$245
Average minimum rate, first class	\$778	\$608
Average minimum rate, per day.....	\$15	\$15
Shortest trips.....	30 days	17 days



about the same as the prices last season. The great reductions are found in cabins of higher price. Since 1929 the cost of *de luxe* accommodations has been reduced as much as one-half. On many cruises, where prices remain the same, quarters have been improved and the service is better. For example, ships of the size and luxury of the *Aquitania* and the *Paris* have been brought into the Mediterranean service. This is one of the results of the depression and of keen competition on the Atlantic. And of course tourists who can afford time and money to travel now reap the benefits.

One of the charms of the Mediterranean trip is its variety. Ships take the southern route following the sunshine as far as possible. After a leisurely voyage during which the tourist has been revived by sun bathing, sleep and recreation, he comes to a land utterly different not only from America, but from anything he has seen in northern Europe. Possibly his first stop will be made at the dazzling city of Cadiz in Spain.

The traveler in the Mediterranean should carry with him a pocket history of this ancient region, or he will not understand the full significance of all he sees. Cadiz is built on a finger of land extending into the sea. She is surrounded by massive walls thirty to fifty feet high, topped by towers and ramparts. Like



Photographs from Ewing Galloway
ALONG THE NILE

Above, the ancient columns of the temple of Ammon at Karnak. Left, the Nile river itself at Cairo, near the end of its 4000-mile journey from Ripon Falls to the sea.

many cities of the Mediterranean, Cadiz was founded by those ancient colonizers, the Phoenicians, in 1151 B. C. Successively she fell into the hands of the Carthaginians, Romans, Goths, Arabs, and Spaniards, and for many years was one of the wealthiest ports in Europe. After a period of depression her trade is reviving, and flags of many nations may be seen at the docks where foreign vessels fill their holds with cork, olive oil, wine, and fruit.

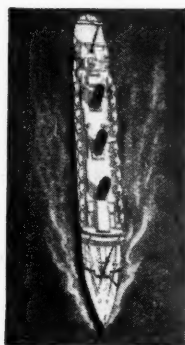
Cadiz is a city of colored marble and whitewash, dazzling to the eyes of the newcomer. Streets are narrow and unusually clean for those of a Spanish city, flanked by gay houses and overhanging balconies often filled with good-humored spectators.

Gibraltar, in contrast, rises grimly from the sea like a great crouching lion. On near approach you will see that the seemingly bald stone is mantled with vines and green ferns, a gentle camouflage for rocks pregnant with cannon. Gibraltar by its position has had the same fluctuating fortunes as other rich, strategic cities of Spain. Now a British stronghold and coaling station, it is inhabited by soldiers and such foreigners as are vouched for by their consuls.

You will be guided about the stone corridors and shown magnificent views from high points. But the rock is a fort and its secrets jealously guarded. No cameras will be tolerated, and British subjects only will see the important fortifications.

According to legend, Gibraltar once separated the Mediterranean from the Atlantic ocean. Hercules split the rock asunder, hence the pillars of Hercules

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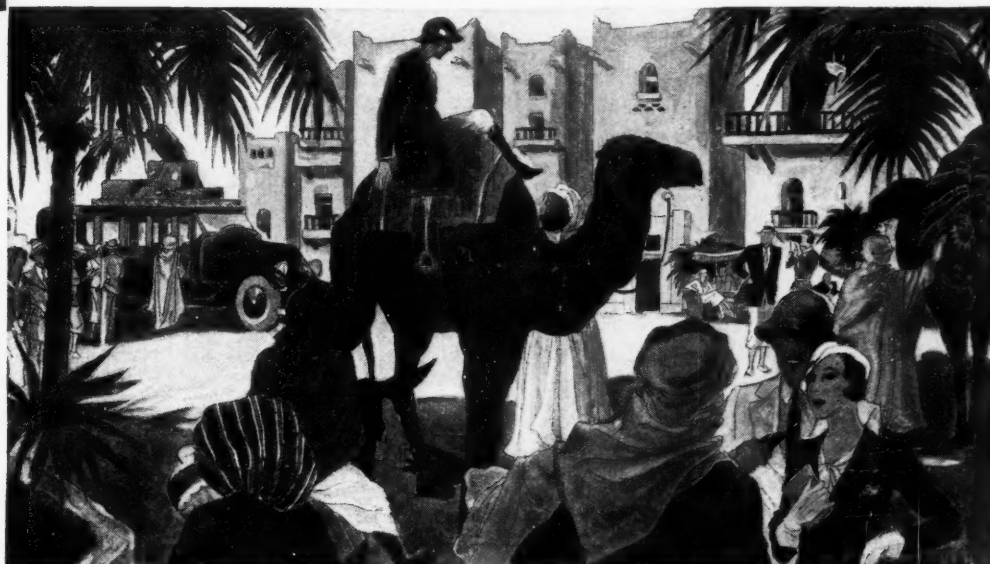
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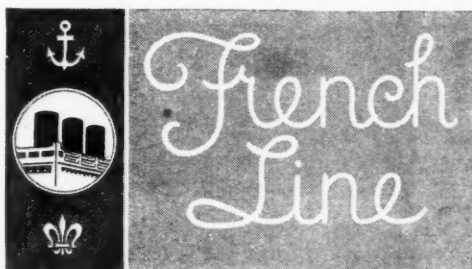
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to shed winter from you like a snowy cloak at Pier 57 on February 12 or March 18 and head across the bland Gulf Stream for the Canaries, Casablanca, Gibraltar, and Algiers? After a glimpse of Paris-in-Africa, the famous French Liner *Paris* (the aristocrat of the seas) will take you on to Naples, then to Napoleon's birthplace at Ajaccio in Corsica—then up to Monte Carlo, Cannes, Marseilles—each day ashore an inexpressible coloured moving-picture, with sound and smell and taste and overtone to fix it in your mind forever—each day afloat a lullaby directed by consummately skillful seagoing hosts. Your cabin will be typical of cushioned French Line comfort; you'll eat as if you were touring the greatest restaurants of France (with whatever American dishes you like best whenever you want them); you'll explore vintages that have long tantalized you; your odd moments will be diverted by a program of well-bred gayety typical of the French Line's genius for making you enjoy their cruise more than you ever enjoyed another anywhere. From Marseilles you'll either

sail direct home by Majorca, Gibraltar and the Azores—or by train to Paris and Havre and the *Ile de France*, as you prefer. The *Paris*, on her first Mediterranean Cruises, proposes to take a company of nice people who know best how to defeat winter—who have the smart world's curiosity about North Africa and Cannes and Majorca—who cherish gayety and detest organized whoopee—and who (like most nice people) know how to make each dollar buy its utmost luxury. Old General Depression will not be allowed up the gangplank; these cruises are planned to make Time (which all the economists say is the cure) really *go to work for you!*

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(*It would, but anyhow it's Pier 3, North River, Dept. M, New York, N. Y.)

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surmounting the cliffs on either side of the pass.

Another rest at sea, and the cruiser lands in Algeria. Here is a combined European-Oriental city with each portion distinctly itself. Originally Algiers was a Roman settlement, later taken by the Vandals, and then by the Arabs. For many years it was a stronghold of the Barbary pirates who exacted tribute from all Europe. The pirates swooped down on passing ships, captured the cargo, and made the passengers slaves until they were ransomed by their nationals. As late as 1795 the United States paid \$721,000 tribute for 115 American slaves. In 1815 Commodore Decatur boldly demanded the release of Americans. The pirates were surprised into submission. Fifteen years later Algeria became a French province.

WHITE ALGIERS rises from the blue bay in a series of terraces backed by green hills and surrounded by groves of palm, orange, plane, and pepper trees. The French quarter is gay and cosmopolitan after the manner of Paris itself. Along the sparkling Boulevard de la République are modern hotels and expensive shops. But on crossing the border into the Arab town there is a profound change. Only the sanitation and safety of the streets are evidences of French supervision. Here rise tall, almost windowless façades of Arab houses, with gratings high overhead behind which live Oriental women. Possibly a grilled iron gate may swing open and the passer will see the palms and fountain of an Eastern garden.

The streets in this section are narrow, irregular, and so dark in places that you have to grope your way along. All of them, though apparently labyrinths, lead by numberless steps to the market place on top of the hill. On gaining this eminence the best view of native life may be obtained, for here the Orientals live their private lives in the street. You may see them sleeping, eating, trading, or praying in public. Long bearded sons of Abraham spread their wares for you. Here are jewels, perfumes, dangerous looking candies, brass, and many a product brought directly from France for these street booths. Turks in turbans and yellow slippers mingle with hooded Arabs, veiled women, hard-working artisans and gardeners, and lazy descendants of the pirates. None is over-clean; all are picturesque.

From any African city trips to the desert, to oases with their native villages, may be arranged. And the longer one has to spend in North Africa the better, for many a fascinating place must be passed by in a short cruise. You should visit Tunis, and the nearby site of Carthage, to renew your acquaintance with Virgil. Or go inland to Biskra, on the edge of the Sahara.

Possibly you will stop in Alexandria long enough to remember that this was once the city of great culture and learning; but today Cairo is the stopping place of all tourists in Egypt. Cairo was built by Fatimite Caliphs on the edge of the desert. Within the city are four famed Mosques, a university of 10,000 students whose textbook is the Koran,

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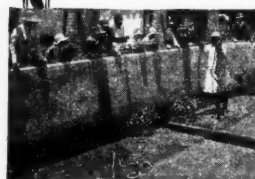
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and extensive oriental bazaars. Beyond the modern section of the city is Gizeh and the pyramids, which no tourist misses.

If time is allowed to go up the Nile, a visit to Memphis, ancient capital of Egypt, Luxor, with its monstrous temple, and Thebes, should not be omitted. The Assuan dam, 587 miles from Cairo, at the first cataract of the Nile, is one of the wonders of modern engineering. Everyone knows that from the beginning of history the Egyptian peasant has been dependent on the flood of the Nile for the fertility of his fields. The dam, built by the British, controls the waters so that the peasants need no longer fear starvation from drought.

Egypt is full of tiny villages of farm folk who till their small holdings by the most primitive methods. From generation to generation they live as their ancestors did, gathering to hear the stories of the village teller of tales, to patronize fakirs, and be amazed by the snake charmers. Their homes are mud huts and their lives differ little from those of the slaves who helped create the colossal wealth of the Pharaohs.

ON THE LONGER Mediterranean cruises extended stops are made in Syria, Palestine, Turkey, and Greece. But the briefer voyage will pass by these lands and sail to Naples or the French Riviera. Tall tenements swarming with Italians cannot detract from the beauty of sky, sea, and mountain in Naples. The color of the sea almost justifies the brilliant posters which advertise that region. And within a few hours' drive of sail are Amalfi, and the lovely island of Capri.

Winter is a busy and gay season on the French Riviera, where the wealthy of many nations fill hotels and villas. The cruiser is given opportunity to view the sea from the superb heights of the Grande Corniche, and to try his fortune at Monte Carlo. Inland lies the lazy, sunny land of Provence.

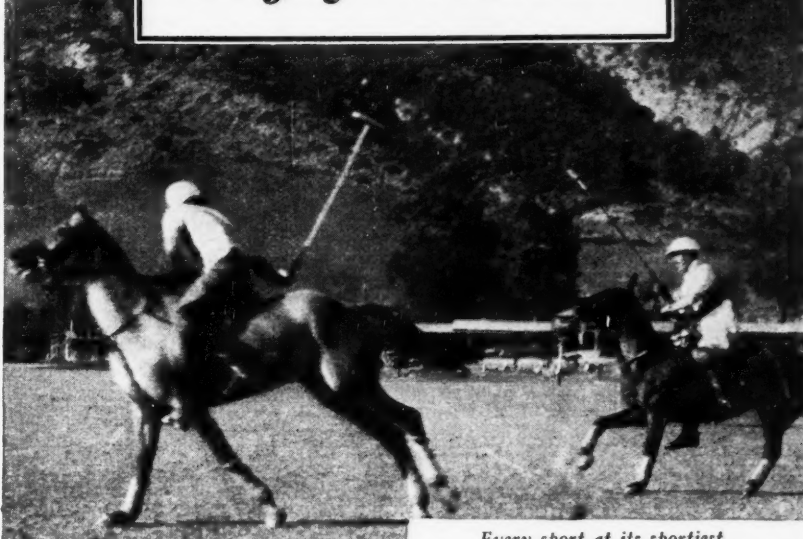
A few cruises terminate in southern France; others continue to the east coast of Spain to explore Moorish cities and architecture, then pass Gibraltar and sail for north France or England. The greater number of ships return directly to America, and for passengers on those which do not, passage is provided for return on vessels of the same line.

Ancient Malta

THE MALTESE ISLANDS are small, barren rocks situated in so strategic a position in the Mediterranean that they have been coveted by every great nation in history. Today the traveler thinks of Malta as a British naval and coaling station, or the home of the Knights of St. John. Far more interesting than the hundred years' British possession however, or ecclesiastical associations, are the relics of the remote past.

Archaeological discoveries have given evidence that Malta's stone monuments are the remains of a neolithic race, traces of which have been found throughout western Europe. The best known site of their occupation is at Stonehenge,

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England, says Francis McDermott in *Travel*. After successive domination by Phoenicians, Carthaginians, Greeks, Romans, Saracens, Normans, Knights of St. John, French, and British, the natives remain a proud race, largely retaining the physical and lingual peculiarities of their ancestors.

For the most part they are farmers, making a slim living out of the rocky land. They are largely illiterate, conservative, and slow-moving. For recreation they attend an occasional opera or a moving picture. But their chief interest outside the farm is in the fêtes and holidays of the Roman church, which provide colorful relief from the drab monotony of everyday life.

According to experts, Mr. McDermott writes, "This pre-Phoenician people speak a pre-Phoenician language. Although its origin is unknown it is a Semitic tongue related to Hebrew, Aramaic, and Arabic. The place names of Malta, for instance, bear great resemblance to those of Arabia, Egypt, and Palestine. ...

"LET ME ACT as your guide for a walk through Valletta, the city of the Knights," he continues. "You have perhaps landed from one of the frequent pleasure-cruise steamers that call at Malta. You will surely have been impressed by your first view of the island as you steamed between the arms of the breakwater and down the middle of the Grand Harbor. High on your right are the towering bastions of Valletta, crowned by a skyline of churches and flat-roofed buildings. Away on your left is a jumble of creeks and promontories where lie the Three Cities, the oldest part of the harbor settlements, and the uninhabited plateau of the Corradino which teemed with life in prehistoric days, while ahead, down the center of the harbor, lie the finest warships of Great Britain, light gray monsters of efficient destruction.

"As your boat makes fast to shore (it is all deep water in this magnificent anchorage), crowds of the picturesque Maltese boats, or *dghaisas*, swarm around the lowered companionway. They instantly recall the more familiar gondolas of Venice. One takes you to shore, the men standing to their oars. ...

"There are bastion walls all around us as we walk up the street to the gate leading into Valletta proper.

"Directly we are inside the gate we start climbing steps and we continue to climb steps almost continuously. Valletta is built on a long hump of rock running steeply down to the harbors on either side. With the exception of the main thoroughfare, Strada Reale, running along the level top of the hump, its streets are switchbacks that fall into steps when the slope becomes too steep. They are long, broad steps originally constructed to give easy climbing to knights in armor.

"And what a kaleidoscopic picture of teeming life in all these streets! Maltese of every class and condition. Spruce young men and good-looking girls in the latest styles and fashions from London and Paris. The older people dressed more conservatively. The women very often in the *faldetta*, a curious combination of headdress and cape with an



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ancient, uncertain origin. Here are priests in ankle-long coats and beaver hats, and monks in their skull-caps and corded brown or white habits. Beggars (*misérables*) in the filthiest rags. Arabs and Turks in the forbidden fez with rugs and mats displayed for sale on their shoulders. The navy blue and khaki uniforms of the British forces. . . . And everywhere children—and goats. We get caught in a herd of these ubiquitous animals and you will see the goatherd answer a call and milk the goat direct into his customer's jug. . . .

"As we pass along (or rather, climb) there are fine buildings on every side, but so cooped up in the narrow streets that it is difficult to appreciate their proportions or exteriors. Many of them are those famous *Auberges* of the Knights where each national division of the Order kept (wisely) to itself. Here, however, is one that it is possible to appreciate, for this is Palace Square and the old Palace of the Knights fills one side. The Union Jack now flies over it, and, as we stand, the sentry in the square salutes the governor as he enters the palace in his car. Before we leave the square another car passes amid general hat-raising and saluting. And this car also receives the 'Present Arms' of the British sentry. Then it passes on to the Archbishop's Palace in an adjoining street. For, in Malta, the archbishop takes precedence after the governor; the British place him before all their generals and admirals, a pleasant tribute to the Maltese and to the Catholic Church.

"And so to the enjoyable task of exploring, with what leisure your visit permits, all the *auberges*, museums, churches and palaces, where you will see the storied wealth of Malta against the contrast of the present, concludes the author.

American Interests at Sea

AFTER MONTHS of deliberation and ill-feeling, shipping organizations of the east and west coasts have come to an agreement, and the largest pool in United States shipping history has been formed. Interests represented are the Roosevelt-International Mercantile Marine and the Dawson-Dollar combination of California and Oregon. Backing these are Banker Fleishhacker of San Francisco and young Vincent Astor.

The value of the 181 vessels, cargo and passenger, which have been affected by the merger, has been placed at \$110,000,000. They include ships of the Atlantic Transport Lines, operating between New York and London; the Leyland Line, operating between ports of the United States and Europe; the Red Star Line, running from New York to Havre and Antwerp; the Panama-Pacific Line between New York and San Francisco, all of which are under control of the Roosevelt-International Mercantile Marine. The same company hopes to acquire the Pioneer Line, with its Far East trade, from the United States Shipping Board, and it now holds large interests in the Baltimore Mail Line. The American Mail, running between Seattle and



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the Orient, and the Dollar lines operating between San Francisco and the Orient, between New York and Manila, and round the world, and the United States Line, operating in the Atlantic, are also included in the combination.

With the formation of the merger the east and west group agreed upon the following points:

1. Acquisition by the Dollar-Dawson-Chapman group, backed by the Fleish-hacker interests, of half ownership in the Roosevelt Steamship Company, which is interlocked with the International Mercantile Marine and reputedly backed by the Astor millions.

2. Taking over of the United States Lines fleet by the newly organized United States Lines Company, a Nevada holding corporation.

3. The United States Lines Company to be owned jointly by the Dollar-Dawson-Chapman group and the Roosevelt Steamship Company interests.

4. Intercoastal services of the Dollar Steamship Lines and the Panama-Pacific Lines to be continued, with non-conflicting schedules to be worked out.

5. The fleet of the United States Lines to be kept in Atlantic waters.

The next step was the signing of an agreement with the Shipping Board for the management of the United States Lines. The contract provided for complete reorganization of these lines, payment of debts, completion of the 30,000-ton liners now building at Cam-

den, New Jersey, and the operation of the flagship, *Leviathan*, at least seven round-trips a year.

The new combine has lost no time in taking over the operation of the United States Lines. Already fifty bookings for June sailings of the new ship, *Manhattan*, which will be ready for service in the spring, have been made by the Norfolk agency of the Roosevelt Company.

Trains and Planes

THE RAILROADS have had one lesson in losing transportation to the commercial motor vehicle. That their learning will be applied to the airplane is the conclusion reached by Mr. Lawrence G. King, who writes in *Nation's Business*. Mr. King feels that for several years to come airplane travel will be by commercial transport rather than private plane; that irregularity of air schedules due to weather will be a handicap for some time; that the best transport planes offer speed and comfort (in good weather) to the traveler unequaled by any other means of transportation. The railroad man is watching these advantages and handicaps.

"Until recently railway men rarely mentioned the airplane in connection with their own operations, but now they regard it as a vehicle whose possibilities

they cannot afford to overlook," writes Mr. King. "This awakening of interest is due mainly to three causes which have been developing simultaneously. They are the remarkable progress in aeronautical engineering; a changing governmental attitude toward mail subsidies; and the realization that, under railroad management, air travel can be made self-sustaining and profitable."

Mr. King attributes the recent progress in airplane efficiency entirely to the market crash in 1929 which, by stopping an orgy of manufacture, gave the plants time to develop a more economical and modern machine. He declares that "the greatest contribution toward the advancement of civil aviation was the postal contract for the transportation of air mails." In other words, through federal aid, a great system of airways, radio beacons, landing fields, and weather information service has been established. The policy of running special mail planes occasionally which can accommodate passengers will probably give way to putting mail on passenger planes which will run frequently. With this increase of passenger traffic, the railroads again become interested.

As Mr. King writes, "Many of the outstanding railroad men of today believe that, under railroad management, the airplane will be the means of winning back a generous portion of the passenger and light express traffic lost to the commercial motor vehicle, and that the railroads will be able to operate planes at a lower cost per mile than any airway company."

With railroads controlling airlines, an air passenger whose trip has been interrupted on account of the weather can be transferred to a train and his trip continued. If one feels, as Mr. King does, that the greatest drawback in commercial flying today is the risk of an incomplete journey, that risk is thus eliminated.

Economy in running expense by turning over all traffic department work to the railroad's traffic department and passing administrative jobs on to similarly trained officials in railroad offices, would cut air travel expense approximately 11 cents a mile. Since the rail executives believe that the airplane is properly a supplement and a complement to train service, Mr. King concludes his article with this paragraph:

"If the ideas now evolving in the minds of prominent railroad men are put into practice the near future will see a low rate air express service, interchangeable rail and air tickets, hourly service between all large cities, all special delivery mail by air, and, what is more important to the taxpayer, something between 65 and 100 million miles of air mail for the same 20 million dollars that now buy but 20 million miles."

Travel Sidelights

THE LLOYD SABAUDO line bids for popularity by introducing the seasick proof ocean-passage on the Atlantic. Next summer the *Conte di Savoia*, 48,000-ton monster liner with a speed of 27 knots, will run between New York and Naples. This is the first passenger liner to be equipped with a giant

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stabilizer plant guaranteed to prevent rolling in the roughest seas. The new ship will take six and one-half days for crossing between the two ports as against the present average rate of nine days.

• • THE GROWTH of commercial air lines and passenger service has had important developments in Italy. There are now 20 regular airplane services flying between the more important cities, and connecting Italy with Vienna, Berlin, Barcelona, Constantinople, Tripoli, etc.

The newest line is a tri-weekly service between colonial cities in North Africa. Tri-motored Caproni planes with ac-

commodations for eight passengers connect Tripoli with Bengazi.

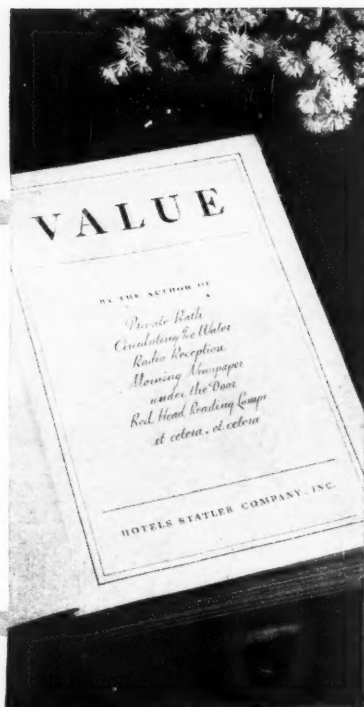
• • THE EASTERN Air Transport System has announced reductions in air passenger rates averaging 14 per cent. for one-way trips, and 25 per cent. for round trips. These cuts will affect each of 22 cities between New York and Miami, Florida, and will also reduce the cost of traveling over the international airway between Canada and Latin America.

• • THE NUMBER of passengers carried by the air transport lines of the United States during the first eight months of

1931 totaled 236,088, or 2695 more than the number transported during the corresponding months of last year. These figures, given out by the Aeronautical Chamber of Commerce of America, Inc., are remarkable because the returns from the first few months of 1931 showed a decided falling off in air travel. The summer months not only brought the figures up, but surpassed the 1930 record.

• • RUNNING TIME of trains throughout the Pennsylvania Railroad system has been cut. At present a little more than four hours is required on the fast run of the Congressional between New York

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• • IT IS ALSO announced that dogs of blind passengers are carried without charge on the Pennsylvania Railroad. Dogs with proper credentials, showing that they direct the steps of their blind masters, are permitted to share the accommodations of their companions.

• • TAXICAB DRIVERS of Nuremberg, Germany, are required to know more than street names and routes about town. Regular instruction in the history and points of interest in the city is given them by experienced guides.

• • THE VIENNA Spring Fair of 1932 will be held from March 13 to 19. Holders of tickets are permitted fare reductions on railroads and steamship lines and can enter Austria without a visa.

• • OBERKULM, a village of canton Argovie, Switzerland, is the ancestral home of the Hoover family. The farmers and weavers of the community are so proud of the ancestry of the American President, that they have established a "Hoover room" in the village inn. The name of the manager of the inn is Huber, which is held to be the name from which Hoover was derived.

• • TIPS in Italy are forbidden by law. A percentage for service is added to each restaurant and hotel bill, and those who give extra fees are requested to leave the premises, while those receiving tips are discharged from service.

• • IN ORDER to meet competition in the Havana service, the Ward Line has announced an approximate cut of 25 per cent. in rates beginning December 24. This brings minimum round-trip cruise prices from \$125 to \$95, the lowest in the history of the line.

A similar reduction was made about three years ago when Cunard liners entered the Havana run. This year competition increases as a larger number of low-priced cruises are scheduled than ever before. The Ward Line looks forward to a good season, and will run several all-expense tours during the Christmas holidays.

• • Depression has created a boom in one field of travel. Last year men and women, accustomed to taking winter holidays, found the short southern cruises convenient and pleasant. Transatlantic as well as coast line vessels provided more than 60 cruises to the West Indies.

This year's calendar lists 102. Prices and lengths vary to suit every type of traveler.

THE REVIEW OF REVIEWS

JULY-DECEMBER, 1931

The alphabetical arrangement of the subject matter is modified in some instances by the grouping of related topics under such headings as Agriculture, Banking, Business, Congress, Depression, Education, Finance, Oil, Prices, Prohibition, Railroads, Research, Travel, Unemployment, War Debts. So far as space permits, cross-indexing of topics to general headings has been used. For material involving various countries it will be best to look under the names of those countries.

Pictures of interesting personalities are grouped under the heading "Portraits," on page 6 of this index.

- AGRICULTURE:**
 Appraisal in the Middle West, Aug. 55.
 Back to the land, Oct. 32, 63.
 Crops and courage in Iowa, Aug. 57.
 Farm relief by chemistry, Aug. 65.
 Fertilizers are cheap, Aug. 32.
 Kansas production, Sep. 20, 53.
 Russian wheat, Aug. 87.
 Secretary Hyde analyzes the surplus puzzle, Oct. 41.
 Wheat prices, Sep. 20.
 American Economic Association, Oct. 44.
 American Legion speech by Pres. Hoover, Nov. 68.
 Anable, Anthony, author: Good times for gold, Nov. 50.
 Anti-trust laws:
 Government in business, Oct. 44.
 Movement grows for modification, Nov. 64.
 Oil industry affected, Oct. 30, Nov. 58.
 Australia's political and economical situation, Sep. 68.
 Austria:
 Socialist apartment houses in Vienna, July 76.
 Customs union with Germany, Nov. 79.
 Authors: July 4; Aug. 4; Sep. 4; Oct. 4; Nov. 4; Dec. 4.
 Automobile:
 Unemployment, July 84.
 Sales in 1931, Aug. 59.
 Aviation:
 Col. Lindbergh flies to Japan, Sep. 27.
 Lawrence Richey on a vacation, Oct. 65.
 Passenger and mail transportation in 1930, Aug. 93.
 Relation to railroads, Dec. 96.
BAKER, NEWTON D.:
 Author: Is economic planning possible? Sep. 57.
 Candidate for presidency, Sep. 26.
 Baker, Thomas S., author: Carnegie Tech and its job, Dec. 49.
 Bank of America merges with National City Bank, Nov. 86.
 Banking:
 German crisis, Aug. 27.
 German failures, Sep. 71.
 Improvements, Aug. 56.
 Maintains a liquid position, Sep. 81.
 National Credit Corporation formed, Nov. 32.
 Present system a cause of industrial depression, Sep. 51.
 Sound management, Aug. 52.
 Barrows, Edward M., author:
 Light and power for the people, Dec. 54.
 Oil: an industry drowning in a flood of laws, Nov. 58.
 Bermuda a popular playground, Oct. 96.
 Bonds:
 Foreign, Dec. 81.
 Government borrows a second time, July 29, 89.
 Government borrows a third time, Oct. 84.
 Looking backward over two years, Nov. 82.
 Real estate, Dec. 82.
 Books reviewed: July 6; Aug. 6; Sep. 6; Oct. 6; Nov. 6; Dec. 6.
 Bridges and their builders, Aug. 80.
 Brown, Elmer Ellsworth, author: New York University looks forward, Nov. 55.
 Brucker, Herbert, author:
 A cure for too much sugar, July 49.
 Facts from the Wiggan report, Nov. 65.
 Mr. Hoover achieves a moratorium, Aug. 46.
 The test in Manchuria, Dec. 63.
 Bruening, Heinrich:
 Brief biographical sketch, Sep. 93.
 Interviewed by Charles H. Sherrill, Dec. 64.
 Business:
 Air conditioning pays dividends, Sep. 87.
 Automobile selling in 1931, Aug. 59.
 Banking system a cause of depression, Sep. 51.
 Borrowing on small scale, Oct. 85.
 Bridge building, Aug. 80.
 Building for permanent prosperity, July 91.
 Color is discovered, July 80.
 Commodity prices, Sep. 82; Dec. 80.
 Copper can now be made hard, Oct. 58.
 Correspondence schools for employees, Sep. 86.
 Depression during two years, Nov. 82.
 Economics an aid to planning, Sep. 57.
 Five-day week, Sep. 87.
 Flooring in factories, Nov. 88.
 Forecasting, Sep. 79.
 Free competition has vices, Nov. 71.
 Government and business series: general, Oct. 44; oil, Nov. 58; public utilities, Dec. 54.
 Inventions destroy old and create new, Sep. 84.
 Loans to wage earner, Aug. 92.
 Mechanical handling of materials, Nov. 91.
 Middle West, July 62; Aug. 55.
 New responsibilities, Aug. 49.
 Noise is fought, July 56.
 Office management economies, Aug. 92.
 Old-age pensions, Aug. 90.
 Overproduction a plague, Aug. 82.
 Perspective wanted, Sep. 72.
 "Plan" needed, July 88.
 Recovery prospects, July 68.
 Running on the leavings, Oct. 88.
 Research aids paper industry, Dec. 87.
 Russian trade menace, Aug. 74.
 Russia's five-year plan in action, Aug. 76.
 Shipping Board resells ships, Oct. 92.
 Shipping fights depression, July 92.
 Shipping interests form largest pool, Dec. 95.
 Skyscraper efficient industrially, Dec. 84.
 Southern leaders, Aug. 77.
 Spending wisely a part of thrift, Oct. 82.
 Swope plan for employment stabilization, Oct. 87.
 Tourists study factories and commercial houses, Sep. 88.
 Wages in steel and railroads, Dec. 78.
 Wages have come down, July 86.
 Business: SEE also Banking, Finance, Industry, Oil, Public Utilities, Railroads, Real Estate, Unemployment.
CADMAN, S. PARKES, author: Britain's democracy on trial, Dec. 60.
 Canada:
 Raises taxes and tariff, July 90.
 Sales tax, Oct. 86.
 Capper, Arthur, author: What Kansas farmers think, Sep. 53.
 Capri, an enchanted island, Sep. 90.
 Carnegie Tech and its job, Dec. 49.
 Cartoons: July 52; Aug. 41; Sep. 33; Oct. 39; Nov. 42; Dec. 39.
 Chadbourne, Thomas L., interviewed on his plans for sugar, July 49.
 Chamberlin, William Henry, author:
 Half way to Communism, Sep. 46.
 Chang, Marshal Hsueh-liang, dictator of Manchuria, interviewed, Sep. 92.
 China and the Manchurian situation, Dec. 25, 63.
 City governments are corrupt, Sep. 26; Oct. 48, 76; Nov. 72.
 Coal consumption reduced by Illinois Central Railroad, Dec. 86.
 Color:
 Discovered by industry, July 80.
 Used by newspapers, Aug. 79.
 Commodity prices, Sep. 82; Dec. 80.
 Congress:
 Contrasted with foreign parliaments, Dec. 28.
 Hoover deals with it during recess, Dec. 30.
 Representatives should serve four years, Dec. 27.

- Outworn machinery of government, Nov. 27.
Senate an affliction, Dec. 27.
Three parties, not two, Oct. 26.
Contents: July 3; Aug. 2; Sep. 2; Oct. 2; Nov. 2; Dec. 2.
Coolidge, Calvin, recommends vacations, July 27.
Copper can now be made hard, Oct. 58.
Copyrights and endowed publications, Sep. 19, 42.
Cotton:
Agricultural teeter board, Oct. 41.
Production on basis of domestic consumption, Oct. 78.
Southern conditions, Sep. 23.
Cuba:
Engages financial advisor, July 61.
Sugar, July 49.
DAWES, CHARLES G., sits with League in Manchurian crisis, Dec. 25.
Democrats:
Support President Hoover, Aug. 30.
Tammany fights a triple menace, Oct. 48.
Depression:
Banking system a cause, Sep. 51.
Latin America feels it, Aug. 63.
Looking backward over two years, Nov. 82.
Real estate in trouble, Aug. 86.
Research as an aid to business recovery, Dec. 87.
Travel fights with lower rates, July 92.
Depression: SEE also Business, Unemployment, Wages.
Dickey, Herbert, discovers source of Orinoco, Sep. 89.
Dickinson, L. J., Senator from Iowa:
Author: Crops and courage in Iowa, Aug. 57.
Brief character sketch, Aug. 34.
Disarmament:
Can the Conference succeed? Dec. 26.
Hard road to go, Dec. 68.
Professional war-makers, Sep. 74.
Doak, W. N., author: Finding jobs for workers, Sep. 35.
Dole: SEE Unemployment.
Dollar-Dawson-Chapin group expand shipping interests, Dec. 95.
Doumer, Paul, president of France, Sep. 55.
Dyche, William A., author: Affiliates of Northwestern University, Oct. 68.
ECONOMICS: Aid to business planning, Sep. 57.
Plea for intelligence, Aug. 69.
Edison, Thomas A.:
Dies, Nov. 27.
Typical American, Sep. 17.
Education:
Carnegie Tech and its job, Dec. 49.
Correspondence courses for employees, Sep. 86.
New York University looks forward, Nov. 55.
Northwestern University expands its scope, Oct. 68.
Parents expect too much of children, Dec. 74.
Training for 25,000,000 in schools, Oct. 27.
Travelers inspect factories and commercial houses as business training, Sep. 88.
Unemployment hits the college graduate, Oct. 77.
Ely, Richard T., author:
Government in business and the general welfare, Oct. 44.
Taxation in hard times, Aug. 67.
England: SEE Great Britain.
FEDERAL FARM BOARD:
Aid should end, Sep. 21.
Experiments, Aug. 33.
Unified control of production, Oct. 41.
Federal Trade Commission hampers oil industry, Nov. 58.
Federation of American Business, Oct. 45.
Fertilizers plentiful and cheap, Aug. 32, 65.
Finance department: July 86; Aug. 82; Sep. 78; Oct. 82; Nov. 82; Dec. 78.
Finance: Borrowing on small scale, Oct. 85.
Depression during two years, Nov. 82.
Eleven kinds of money in circulation, Nov. 84.
Foreign bonds, Dec. 81.
Government bond issues, July 29, 89; Oct. 84.
Hoarding increases, Nov. 84.
Merger of National City Bank and Bank of America, Nov. 86.
Overproduction plague, Aug. 82.
Real estate bonds, Dec. 82.
Spending wisely as a part of thrift, Oct. 82.
Steel and railroads tackle wages, Dec. 78.
Stock market appraises moratorium, Aug. 84.
Stock purchases, Sep. 78.
Wages have come down, July 86; Dec. 78.
Finance: SEE also Banking and Business.
Fire losses can be lowered, Oct. 90.
Flooring, factory's right of way, Nov. 88.
Florance, Howard, author:
But wages have come down, July 86.
Plague of overproduction, Aug. 82.
Looking backward over two years, Nov. 82.
Steel and the railroads tackle wages, Dec. 78.
Fosdick, Harry Emerson:
On disarmament, Dec. 68.
On war, July 76.
France:
Austro-German customs union, Nov. 79.
Paul Doumer, President, Sep. 55.
German crisis as seen by France, Sep. 70.
Income derived from gambling, Aug. 80.
Journalistic types, Dec. 70.
Laval comes to America, Nov. 47; interviewed, Dec. 64; political rise, Aug. 71.
Moratorium approval, Aug. 27, 31, 43.
Syrian mandate, Aug. 60.
War debts position, Dec. 52.
Free, E. E., author:
Farm relief by chemistry, Aug. 65.
Industry's fight against noise, July 56.
Steel takes research into partnership, Dec. 44.
GAMBLING profitable to some countries, Aug. 80.
Gammon, William E., author: Copper can now be made hard, Oct. 58.
Germany:
Austro-German customs union, Nov. 79.
Bank failures, Sep. 71.
Berlin's police system, Dec. 71.
Can it be saved? Aug. 43.
Chancellor Bruening, Sep. 93; Dec. 64.
Crisis viewed by France, Sep. 70.
Monetary and banking crisis, Aug. 27.
On the ragged edge, July 53.
People's attitude viewed by Dr. Schacht, Aug. 28; Prof. Shepherd, Nov. 49.
Political labyrinth, Nov. 80.
Prussian Junkers, Oct. 79.
Reparations and debts, Dec. 52.
Undergoes siege, Sep. 39.
Paul von Hindenburg, Aug. 70.
War debts and reparations, Dec. 67.
War debts moratorium, Aug. 43.
Gifford, Walter S., heads unemployment relief, Nov. 31.
Gold:
Britain abandons gold standard, Nov. 45.
Productive mining, Nov. 50.
United States maintains its standard, Nov. 34.
Great Britain:
British capture London, Oct. 55.
Democracy on trial, Dec. 60.
Dole and the American plan, Oct. 28.
Financial situation, Sep. 67; Oct. 83.
Gold standard abandoned, Nov. 45.
House of Lords, July 71.
New Parliament, Dec. 69.
October elections, Nov. 35.
Philip Snowden, Oct. 80.
Population increase, Sep. 61.
Symbolism and mayors, Dec. 76.
War debts, Dec. 26, 52.
HINDENBURG, Paul von: a biographical sketch, Aug. 70.
History in the making: July 35; Aug. 36; Sep. 28; Oct. 35; Nov. 37; Dec. 35.
Home building and home ownership conference, Dec. 41.
Hoover, Herbert:
Appoints unemployment relief committee, Nov. 31.
Armistice day address, Dec. 25.
At work during the summer, July 27.
Author: America and world recovery (speech before American Legion), Nov. 68.
Challenges Navy League facts, Dec. 31.
Creates National Credit Corporation, Nov. 32.
Deals with Congress during recess, Dec. 30.
Deals with unemployment, Nov. 29.
Democratic support, Aug. 30.
England views him as a tonic, Aug. 72.
How he works with Congress, Nov. 28.
Indianapolis address, July 40.
Moratorium proposal, Aug. 26, 46.
On the up-grade despite his critics, Nov. 75.
President's conference on home building and home ownership, Dec. 41.
Houses of the future, July 78.
Hutchinson, B. E., author: Selling automobiles in 1931, Aug. 59.
Quoted on building for permanent prosperity, July 91.
Hyde, Arthur, M., author: The agricultural teeter board, Oct. 41.
INDUSTRY: SEE Business, Finance, Oil, Public Utilities, Railroads, Real Estate, Unemployment.
Industry department: July 80; Aug. 90 Sep. 84; Oct. 88; Nov. 88; Dec. 84.
Inglis, William, author: Where convicts will not run away, Sep. 62.
Interstate Commerce Commission:
America's stake in its railroads, July 42.
Creation, July 31.
Government in business, Oct. 44.
Personnel, July 45.
Railroads plead for increased rates, Aug. 33.
Railroads present plan for consolidation, Nov. 87.
Inventions change industry, Sep. 84.
Investment Bankers Association quoted on foreign bonds, Dec. 81.
Iowa crops, Aug. 57.
JAPAN and the Manchurian situation, Dec. 25, 63.
Jordan, Virgil, author: Industry's case against the banker, Sep. 51.

- KANSAS farmers and wheat**, Sep. 20, 53.
Kemmerer, Edwin W., author: Latin America under depression, Aug. 63.
Kies, W. S., author: Science goes to market, Sep. 42.
- LAIRD, Donald**, experiments on noise and vibration, Dec. 86.
Lamont, Thomas W., on reparations and war debts, Dec. 67.
Latin America under depression, Aug. 63.
Laval, Pierre:
 Comes to America, Nov. 47.
 His political rise, Aug. 71.
 Interviewed by Charles H. Sherrill, Dec. 64.
League of Nations and Manchurian crisis, Dec. 25, 63.
Lewis, Burdette G., author: The meaning of Morrow's career, Nov. 69.
Lewisohn, Adolph, author: What we should do with criminals, Sep. 65.
Lindbergh, Charles A., flies to Japan, Sep. 27.
Litvinov, Maxim, Soviet foreign minister, July 72.
- MALONEY, T. J.**, author: When industry discovers color, July 80.
Malta, a pleasure trip to ancient islands, Dec. 93.
Manchuria:
 Background of conflict between China and Japan, Dec. 63.
 League of Nations, Dec. 25, 63.
 Marshal Chang, interviewed, Sep. 92.
Mandates:
 English in Palestine, July 64.
 French in Syria, Aug. 60.
McLellan, Howard, author: Tammany fights a triple menace, Oct. 48.
Mediterranean cruise bargains, Dec. 88.
Mellon, Andrew W., European mission, Aug. 31.
Mexican highlights for travelers, Nov. 96.
Middle West:
 Agricultural appraisal, Aug. 55.
 Business, July 62; Aug. 55.
Monaco's income from gambling, Aug. 80.
Moratorium:
 Appraised by stock market, Aug. 84.
 France approves, Aug. 27, 31.
 Hoover achievement, Aug. 46.
 Hoover tonic, Aug. 72.
 Reaction in France and Germany, Aug. 43.
Morrow, Dwight W., meaning of his career, Nov. 69.
Mountaineering, east and west, Aug. 96.
Muscle Shoals, Aug. 32.
- NATIONAL City Bank merges with Bank of America**, Nov. 86.
National Credit Corporation is formed, Nov. 32.
Navy:
 League attacks budgetary cuts, Dec. 31.
 Reduction, Nov. 33.
Newspapers:
 Europe sees America through newspapers, books, and films, Nov. 78.
 In color, Aug. 79.
 Types of journalism in France, Dec. 70.
New York:
 Population of a cosmopolitan city, Sep. 60.
 Seabury investigation, Sep. 26, Oct. 48.
 New York University looks forward, Nov. 55.
Noise:
 Donald Laird experiments at Colgate University, Dec. 86.
 Industry fights it, July 56.
Northwestern University expands its scope, Oct. 68.
- OIL**:
 Anti-trust laws affect the industry, Oct. 30.
 Competition within the industry, July 34.
 Drowning in a flood of laws, Nov. 58.
 East Texas new oil field, Aug. 78.
 Flooding oil wells, Aug. 92.
 Industry in a frenzy, Sep. 24.
 Ruinous prices, Nov. 35.
Orinoco River's source discovered, Sep. 89.
- PALESTINE under English mandate**, July 64.
Palmer, Katherine M., author: American ships for sale, Oct. 92.
Parliaments contrasted with Congress, Dec. 28.
Penney, J. C., interviewed, July 62.
Pensions for old age, Aug. 90.
Perkins, Frances, quoted on unemployment insurance, Dec. 72.
Power:
 Government regulation, Oct. 30, Dec. 54.
 Gov. Pinchot discusses political influence, July 32.
 Gov. Roosevelt's theories, Dec. 32.
Power trust:
 Light and power for the people, Dec. 54.
 Turning kilowatts into votes, July 70.
Presidential candidates: Newton D. Baker and Franklin D. Roosevelt, Sep. 26.
Prices:
 Bargains in wholesale and retail commodities, Sep. 82.
 Bargains in travel, July 92; Nov. 92.
 Ruinous oil prices, Nov. 35.
 Wheat, silver, cotton, crude oil rise, Dec. 80.
 Wise spending a part of thrift, Oct. 82.
Prison:
 New type in New Jersey, Sep. 62.
 Routine day, Nov. 76.
 What we should do with criminals, Sep. 65.
Progress of the world: July 27; Aug. 25; Sep. 17; Oct. 25; Nov. 27; Dec. 25.
Prohibition:
 South Carolina controlled liquor in 1893, Nov. 74.
 Taxation and the bootlegger, Oct. 34.
Public Utilities: Light and power for the people, Dec. 54.
- RAILROADS**:
 America's stake in its railroads, July 42.
 Bus operation, July 32, Aug. 93.
 Could control airplanes economically, Dec. 96.
 Creation of Interstate Commerce Commission, July 31.
 Emergency of 1918 and 1919, July 31.
 Freight rates, July 47.
 Freedom from Government interference, Oct. 30, 44.
 Plea for increased rates, Aug. 33.
 Travel rates reduced, July 94.
 Trunk line consolidation, Nov. 87.
 Wages should be cut, Dec. 78.
Rawson, Frederick H., author: Sound bank management, Aug. 52.
Real Estate:
 Deflation, Aug. 86.
 In a critical condition, Dec. 73.
 Over three-fifths of bonds are doubtful, Dec. 82.
 Starrett-Lehigh building in New York City, Dec. 84.
Record of current events: SEE History in the making.
Reforestation amendment passed in New York, Dec. 32.
Reparations conference at Chequers, July 53.
Reparations and war debts, Dec. 67.
- Research**:
 At work during depression, Dec. 87.
 Chemistry aids farm relief, Aug. 65.
 Copper can now be made hard, Oct. 58.
 Profit in products now wasted, Oct. 88.
 Science goes to market, Sep. 42.
 Steel, Dec. 44.
 To abolish noise, July 56.
 Wisconsin Alumni Research Foundation, Sep. 18, 42.
Richey, Lawrence, author: Airplanes and sailfish, Oct. 65.
Robertson, A. W., author: Industry's new responsibilities, Aug. 49.
Roosevelt, Franklin, D.:
 Advocates reforestation, Dec. 32.
 Author: Back to the land, Oct. 63.
 Presidential candidate, Sep. 26.
 Theories on power, Dec. 32.
Rothermere, Viscount, author: Britain at last faces facts, Nov. 45.
Russia:
 Bids for tourist trade, Aug. 94.
 Bolshevism's new policies, Oct. 72.
 Bolshevism prepares for war, Oct. 75.
 Compulsory labor, July 73.
 Five-year plan in action, Aug. 76.
 Half-way to Communism and collective farming, Sep. 46.
 Interest in Manchuria, Dec. 63.
 Life under Bolshevism as seen by an American, Oct. 53.
 Red trade menace, Aug. 74.
 Soviet foreign minister, July 72.
 The place for Communists, Nov. 30.
 What progress would mean, Sep. 25.
 Wheat crop of 1931, Aug. 87.
Russell, H. L. Director of the Wisconsin Alumni Research Foundation, Sep. 43.
- SCHACHT, Hjalmar**, explains Germany's state of mind, Aug. 28.
Science: SEE Research.
Seabury, Judge Samuel S., investigates New York City administration, Sep. 26; Oct. 48.
Seligman, E. R. A., financial advisor to Cuba, July 61.
Shaw, Albert, author: America's stake in its railroads, July 42.
 Conference for better homes, Dec. 41.
Shaw, Roger, author: An expert, Prof. Shepherd, looks at Germany, Nov. 49.
 Cuba calls in experts, July 61.
Shepherd, Prof. William R., views Germany, Nov. 49.
Sherrill, Charles H., author: A pair that beats three of a kind, Dec. 64.
 English mandate in Palestine, July 64.
 France's new president, Sep. 55.
 French mandate in Syria, Aug. 60.
Shipping:
 American boats are re-sold, Oct. 92.
 Fights depression, July 92.
 Forms largest pool, Dec. 95.
Shoup, Carl, co-advisor on Cuban financial situation, July 61.
Simonds, Frank H., author: British capture London, Oct. 55.
 Can Germany be saved? Aug. 43.
 End of war debts, Dec. 52.
 Germany on the ragged edge, July 53.
 Laval comes to America, Nov. 47.
 Siege of Germany, Sep. 39.
Slichter, C. S., conceives idea of Research Foundation, Sep. 43.
Snowden, Philip, a biographical sketch, Oct. 80.
South:
 Cotton and general conditions, Sep. 23.
 Industrial leaders, Aug. 77.
 South Africa lures tourists, Nov. 97.
 States call extra legislative sessions, Oct. 29.

- Steel:
Research, Dec. 44.
Wages reduced, Dec. 78.
Steenbock, Harry, produces Vitamin D through ultra-violet rays, Sep. 42.
Stimson, Henry L., European mission, Aug. 31.
Stock Market:
Appraisal of moratorium, Aug. 84.
When you buy stocks, Sep. 78.
Sugar overproduction and a remedy, July 49.
Survey of magazines: July 69; Aug. 73; Sep. 69; Oct. 73; Nov. 75; Dec. 69.
Syria under French mandate, Aug. 60.
- TARIFF:
Canadian, July 90.
Too high in United States, Dec. 67.
World wide free trade, Aug. 73.
Will remain as it is for the present, Aug. 32.
- Taxation:
Canada, July 90; Oct. 86.
Causes and growth of our present system, Aug. 67.
Cigarette, Aug. 85.
England, Oct. 83.
Texas drowns itself in oil, Aug. 78.
- Tobacco:
Prices and taxes, Aug. 85.
Production and consumption, July 75.
- Travel department: July 92; Aug. 94; Sep. 88; Oct. 92; Nov. 92; Dec. 88.
- Travel:
Airplanes and sailfish, Oct. 65.
American ships re-sold, Oct. 92.
Bermuda, Oct. 96.
Capri, Sep. 90.
Mediterranean cruises, Dec. 88.
Mexico, Nov. 96.
Mountaineering, Aug. 96.
Now is the time to travel, Nov. 92.
Orinoco's source discovered, Sep. 89.
Profitable towards business training, Sep. 88.
- Reduced rates fight depression, July 92.
Russia, Aug. 94.
Shipping interests form largest pool, Dec. 95.
South Africa, Nov. 97.
- UNEMPLOYMENT:
Automotive industry, July 84.
Back to the land, Oct. 63.
Britain's dole and the American plan, Oct. 28.
Caused by high wages, Aug. 88.
College graduate is affected, Oct. 77.
Construction program instead of dole, Nov. 29.
Insurance plan for America, Dec. 72.
Jobs for workers, Sep. 35.
Job instead of a dole, Oct. 71.
Local problem, Oct. 25.
Old-age pensions, Aug. 90.
Public policies, Sep. 24.
Relief committee formed by the President, Nov. 31.
Relief expected of industries, Aug. 49.
Rural refuge, Oct. 32.
State and national plans, Dec. 25.
Swope plan, Oct. 87.
Unemployment: SEE also Business, Depression, Wages.
United States:
A billion dollar deficit, July 29.
Cooperation with Europe, Aug. 29.
Constitution should be revised, Dec. 27.
Employment service of Department of Labor, Sep. 35.
Europe sees us through newspapers, books and films, Nov. 78.
Foreign policy, Sep. 75.
Gold standard maintained, Nov. 34.
Government in business series: general, Oct. 30, 44; oil, Nov. 58; public utilities, Dec. 54.
Naval reduction, Nov. 33.
- Revenue and expenses under Harding, Coolidge, and Hoover, July 28.
Second and third bond issues in year, July 29, 89; Oct. 84.
- VACATIONS recommended by Calvin Coolidge, July 27.
Vending machines, Aug. 93.
Vitamin D introduced into food through ultra-violet rays, Sep. 42.
- WADSWORTH, Eliot, author: Life under Bolshevism, Oct. 53.
- Wages:
Do high wages cause unemployment? Aug. 88.
Have come down, July 86.
Loans to wage-earners, Aug. 92.
Steel and the railroads, Dec. 78.
Wages: SEE also Business, Depression, Unemployment.
Walsh, Frank P., heads Power Authority of New York, Dec. 32.
- War Debts:
Great Britain's attitude, Dec. 26.
Moratorium, Aug. 26, 46, 72.
Reaction to moratorium in France and Germany, Aug. 43.
War debts and reparations, Dec. 67.
Will not be paid, Dec. 52.
- Warne, Frank J. author: A plea for economic intelligence, Aug. 69.
Wealth distribution, July 78.
Wheat: SEE Agriculture.
- Wiggin, Albert Henry:
Report on world crisis, Nov. 65.
Sketch, Sep. 96.
- Willard, Daniel, author: Why increase freight rates? July 47.
- Wisconsin Alumni Research Foundation, Sep. 18, 42.
- World vision our need, Aug. 25.
- YATES, Helen Eva, author: The sport-loving Marshal Chang, Sep. 92.

PORTRAITS

- AITCHISON, Clyde B., with members of Interstate Commerce Commission, July 45.
- BACHRACH, Isaac, Congressman, with John N. Garner, Nov. 29.
- Baker, Newton D., with Dr. Harry A. Garfield, Sep. 26; Sep. 57.
- Baker, Thomas Stockham, Dec. 49.
- Baldwin, Stanley, Lord President of the Council, with the English Cabinet, Oct. 29.
- Brainerd, Ezra, Jr., with members of Interstate Commerce Commission, July 45.
- Briand, Aristide, Foreign Minister of France, with group, Aug. 30; with Lord Reading and Premier Laval, Nov. 35.
- Brown, Elmer Ellsworth, Nov. 57.
- Bruening, Heinrich, German Chancellor, Sep. 93; Dec. 65.
- Burghley, Lord, with group, Dec. 60.
- CAPPER, Arthur, Senator from Kansas, Sep. 53.
- Castle, William R., Jr., with Ogden L. Mills, Aug. 27.
- Chadbourne, Thomas L., July 49.
- Chamberlain, Neville, Minister of Health, with the English Cabinet, Oct. 29.
- Chapman, Paul W., with T. V. O'Connor, Oct. 95.
- Cunliffe-Lister, Sir Philip, President of the Board of Trade, with the English Cabinet, Oct. 29.
- DICKINSON, L. J., Senator from Iowa, Aug. 57.
- Doak, W. N., Secretary of Labor, Sep. 35.
- Doumer, Paul, Sep. 55.
- EASTMAN, Joseph B., with members of Interstate Commerce Commission, July 45.
- Edison, Thomas A., with Mrs. Edison, Sep. 19.
- Edge, Walter E., with group of French officials, Aug. 30.
- FARRELL, Patrick Joseph, with members of the Interstate Commerce Commission, July 45.
- Flandin, Paul, Minister of French Finance, with group, Aug. 30.
- GANDHI, Mahatma, Nov. 37.
- Garfield, Harry A., with Newton D. Baker, Sep. 26.
- Garner, John N., Speaker of the House, with Isaac Bachrach, Nov. 29; Dec. 29.
- Garrett, John W., Ambassador to Italy, with Henry L. Stimson, Aug. 31.
- German Crown Prince (former), July 35.
- Gifford, Walter S., with President Hoover, Oct. 27., with President Hoover and group, Nov. 31.
- Grandi, Dino, Italian Foreign Minister, with his family, Dec. 35.
- Green, Leon, Oct. 68.
- HAIGHT, George I., Sep. 44.
- Heilman, Ralph E., Oct. 68.
- Hindenburg, Paul von, Aug. 70.
- Hoare, Sir Samuel, Secretary of State for India, with the English Cabinet, Oct. 29.
- Hoover, Herbert, July 41; with Mrs. Hoover, July 40; Sep. 21; with Walter S. Gifford, Oct. 27; with directors of unemployment relief, Nov. 31; with Mrs. Hoover, Premier Laval and his daughter, Nov. 27.

- Hoover, Mrs. Herbert, with the President, July 40; naming the "Akron," Sep. 23; with President Hoover, Premier Laval, and his daughter, Dec. 27.
- Hyde, Arthur M., Secretary of Agriculture, Oct. 41.
- INTERSTATE Commerce Commission, July 45.
- KELLEY, Cornelius F., Oct. 59.
- LAVAL, Jose, with President and Mrs. Hoover, and her father, Dec. 27.
- Laval, Pierre, Premier of France, Aug. 71; with group, Aug. 30; with Lord Reading and M. Briand, Nov. 35; on his farm, Nov. 47; with President and Mrs. Hoover and his daughter, Dec. 27; Dec. 64.
- Lee, William Irwin, with members of the Interstate Commerce Commission, July 45.
- Lewis, Earnest Irving, with members of Interstate Commerce Commission, July 45.
- Lindbergh, Col. and Mrs. Charles A., Sep. 27.
- Lloyd, H. G., with President Hoover and group, Nov. 31.
- Luther, Hans, head of the German Reichsbank, Aug. 29.
- MACDONALD, Ramsay, Prime Minister of England, with the Cabinet, Oct. 29.
- Mahaffie, Charles D., with members of the Interstate Commerce Commission, July 45.
- McManamy, Frank, with members of Interstate Commerce Commission, July 45.
- Mellon, Andrew W., with group of French officials, Aug. 30.
- Meyer, Balthasar H., with members of Interstate Commerce Commission, July 45.
- Mills, Ogden L., with William R. Castle, Jr., Aug. 27.
- Morrow, Dwight Whitney, Nov. 69.
- Murray, William H., Governor of Oklahoma, Oct. 35.
- NORMAN, Montagu C., Governor of the Bank of England, Aug. 28.
- O'CONNOR, T. V., with Paul W. Chapman, Oct. 95.
- PENNEY, J. C., July 62, 63.
- Petri, Francois, Minister of the French Budget, with group, Aug. 30.
- Pinchot, Gifford, with possible presidential candidates, July 33.
- Porter, Claude R., with members of the Interstate Commerce Commission, July 45.
- RAWSON, Frederick H., Aug. 54.
- Reading, Lord, Secretary for Foreign Affairs, with the English Cabinet, Oct. 29; with Premier Laval and M. Briand, Nov. 35.
- Richey, Lawrence, Secretary to President Hoover, Oct. 65.
- Ritchie, Albert C., with possible presidential candidates, July 33.
- Robinson, Henry M., with President Hoover and group, Nov. 31.
- Roosevelt, Franklin D., with possible presidential candidates, July 33; with Alfred E. Smith, Sep. 25.
- Russell, Dr. H. L., Sep. 43.
- SANKEY, Lord, Lord Chancellor, with the British Cabinet, Oct. 29.
- Scott, Walter Dill, Oct. 68.
- Seabury, Samuel, Oct. 48, with staff of attorneys, 52.
- Slichter, C. S., Sep. 44.
- Smith, Alfred E., with Governor Roosevelt, Sep. 25.
- Snowden, Philip, Chancellor of the Exchequer, with British Cabinet, Oct. 29.
- Steenbock, Harry, Sep. 43.
- Stimson, Henry L., with John W. Garrett in Rome, Aug. 31.
- TATE, Hugh McCall, with members of the Interstate Commerce Commission, July 45.
- Thomson, Francis A., Oct. 61.
- Thomas, J. H., Secretary for the Dominions and Colonies, with the English Cabinet, Oct. 29.
- Tilson, John Q., Republican floor leader, Dec. 28.
- WADSWORTH, Eliot, Oct. 53.
- Wagner, Robert F., Senator from New York, with reporters, Nov. 29.
- Weygand, Max, General, chief of the French armies, Aug. 61.
- White, George, Governor, with possible presidential candidates, July 33.
- Wilson, Curtis L., Oct. 59.
- YOUNG, Owen D., with President Hoover and group, Nov. 31.